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American Civil Rights in a Revolutionary Age

II. Congressional Investigations

By ELLEN D. ELLIS
Professor Emeritus of Political Science
Mount Holyoke College

The second of three articles on civil rights

IN the first article of this series I have shown that, in the dynamics of totalitarianism and of Russian Communism, thought and aggressive action are inseparable and that this has created a most difficult problem for countries where these ideologies have penetrated.

The attempt to meet this problem in the United States has resulted in the House Committee on Un-American Activities and the Loyalty Board set up by executive order of President Truman. Ironically enough, although both of these agencies were organized to combat the influence of political ideologies and systems destructive of individual rights, the activities of each in turn have been charged with disregard for the constitutional rights of the individual.

The situation is not new. The same questions now being asked concerning the procedures of the present bodies have been evoked by the methods of similar bodies throughout our history. The constitutionality of those methods has been questioned in relation to the principle of the separation of power, as embodied in the Constitution of the United States, and in relation to the effect of those methods upon the constitutional liberties of the individual. The two types of question are interrelated. For in the separation of power in the American system has lain one of the chief guarantees of our constitutional rights.

So great is our reliance upon the separation of power as a protection of our rights that, wherever the constitutional lines of separation appear to be disregarded, suspicion and questioning immediately arise. Congressional investigative committees, of which the Committee on Un-American Activities bids fair to be an illustrious if not a notorious example, are thus acutely suspect.

The legislative investigative committee was known to our forefathers in the British Parliament from the Middle Ages on. The institution was continued under the American colonial and state legislatures, and the first such committee of the new Congress of the United States was set up in 1792. The Committee on Un-American Activities is the continuation of the well known Dies Committee established by the House of Representatives in 1938 to investigate:

> (1) . . . 'un-American' (the quotation marks are mine) propaganda activities in the United States, (2) the diffusion within the United States of subversive and un-American propaganda that is instigated from foreign countries or of a domestic origin and attacks the principle of the form of government as guaranteed by the Constitution, and (3) all other questions in relation thereto that would aid Congress in any necessary remedial legislation.

The setting up of the Dies Committee followed 20 years of running debate in Congress,

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touched off by the Bolshevist Revolution of 1917, and a series of congressional investigations of communist activities in the United States, to which were added in due time those of the Fascists, the Nazis, and other groups. In January, 1945, the House of Representatives voted to continue the Dies Committee as a permanent House Committee on Un-American Activities. Since that time the controversy aroused by the Dies Committee has raged inside and around the newer group.

Congress has acted on the doctrine of liberal construction of its constitutional functions in respect to the powers and procedures of its investigative committees, and the courts have, in general, upheld this liberal interpretation. Questions that have arisen have not been concerned with the bare power in itself to conduct an investigation. The investigative power as such has been accepted as one implied in various congressional powers. But the power to use compulsion in the case of the recalcitrant witness is the crux of the controversy. The procedures used by Congress and its committees in such cases are those of the subpoena, and of punishment for contempt when the witness fails to appear, or when he refuses to answer the question asked, or to furnish papers demanded.

These cases have got into the courts by two main routes. Individuals under arrest for refusal to comply with the demands of investigating committees have obtained court review by securing writs of habeas corpus. Congress has in addition provided that a person "who having been summoned . . . . willfully makes default or who, having appeared, refuses to answer any question pertinent to the question under inquiry, shall be deemed guilty of a misdemeanor, punishable by a fine of not more than $1,000 nor less than $100, and imprisonment in a common jail for not less than one month nor more than twelve months." The statute also provides that the President of the Senate or the Speaker of the House "shall certify the fact . . . . to the district attorney for the District of Columbia . . . . [who] shall bring the matter before the grand jury for their action."

Contumacious witnesses have relied in these cases either upon the contention that Congress was disregarding the constitutional provisions for the separation of power or that it was violating the Bill of Rights. In answer to the first contention, the courts have most generally upheld the power of Congress to adjudge the recalcitrant witness guilty of contempt and to hold him in custody, *provided* the purpose of the investigation fell within the competence of Congress, and the questions asked or the papers demanded concerned a matter relevant to that purpose, and *provided* constitutional liberties were not infringed. The position of the courts has been that, unless Congress had compulsory power to secure information and material necessary for the performance of its functions, it would be impossible for it adequately to fulfill those functions, or, as in the opinion of McGrain v. Daugherty, that "the power of inquiry, with process to enforce it, is an essential and appropriate auxiliary" to the functions constitutionally conferred. Some authorities consider all these enforcing procedures to be per se legislative, regardless of what the specific objective of the investigation may be, inasmuch as through them Congress, in essence a legislative body, is in one way or another thereby upholding its integrity. Others hold that the procedures involved are in themselves judicial in character, though where the purpose of the investigation is legislative—as in the case of the Committee on Un-American Activities—they constitute an exercise of judicial power in aid of the performance of the legislative function. If the powers in question are in fact judicial and/or executive, it is clear that we seem to have here a marked departure from the principle of the separation of power, since the same body or one of its organs is acting as prosecutor, jury, judge, and sheriff, as well as legislator.

The question of the effect of the procedures of investigating committees on constitutional liberties presents many difficulties. Here also Congress and the courts have, in general, applied the doctrine of liberal construction. Individuals defying the demands of congressional committees have rested their claims on the first amendments to the national Constitution, especially on the guarantee of freedom of speech, including in their interpretation, the freedom not to speak; on the right, in case of arrest, to a warrant supported by oath; on

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the protection against self-incrimination and double jeopardy; on the right to due process; and to the usual judicial procedures of indictment by grand jury, jury trial, the support of witnesses, and the like.

In congressional debates on this aspect of investigations, the opinion has been very generally expressed that, since these proceedings are inquiries rather than cases at law, they do not necessarily come under the restrictions of the Bill of Rights which are couched in terms applicable only to judicial cases. It has been held also that in these matters the requirements of public policy and consideration for the public welfare may be of greater importance than consideration for the rights of individuals. "Such a committee," it was stated on one occasion, "has a broader, less restricted power [than a court of law] . . . . it is indeed inquisitorial in its nature. To maintain that such a committee . . . . should be limited by the rule which applies in a court of equity or of law . . . . would so hamper the power of investigation . . . . as to render it almost nugatory."

The general position of the courts has been that the overwhelming need of Congress for adequate information must condition the freedom of the witness to withhold information requested, *provided,* again, that the question is relevant to the subject matter of a legitimate investigation, and that this information is not of too "private" a nature; and that the oath of office of members of Congress may serve as the oath required for a warrant for arrest. The matter of self-incrimination has been covered by Congress in a statute which provides that, although a witness may not refuse to furnish self-incriminatory information, this information may not be used "as evidence in any criminal proceeding against him in any court except in a prosecution for perjury committed in giving such testimony"—for what comfort that may afford. This provision is considered by some to be of doubtful constitutionality. The courts have held that Congress may imprison the contumacious witness for contempt, and the court may at the same time impose the statutory punishment of fine and imprisonment without violating the constitutional protection against double jeopardy. They have found two separate offenses involved in contumacy: one against the common law authority of Congress in the matter, and one against the public as defined by statute. The courts have also held that Congress may subpoena witnesses and punish for contempt without following the procedures outlined in the Bill of Rights. They have, on the other hand, maintained that the right of Congress to punish is confined to the "coercive" power to imprison the recalcitrant witness only until the requested information or papers are produced, and in any case, only during the then congressional session. Congress has on the whole allowed contumacious witnesses to have counsel and to subpoena their own witnesses, but as a matter of privilege rather than of right. The courts have usually upheld these practices.

Herblock in *The Washington Post*

"It's Okay—We're Hunting Communists"

It is evident that in some respects the Houses of Congress, in conducting their investigations, exercise broader and more far reaching powers than are exercised in time of peace by any organ of our government under any other circumstances. Whatever may be the more narrowly legalistic interpretation of the functions performed, it seems clear that, con-

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trary to the usual separation of power in our political system, the legislative, executive, and judicial functions are here, in fact, concentrated in the same hands; and that only the greatest wisdom and care in their exercise can obviate abuse. This wisdom and care have not, unfortunately, in all cases been characteristic of congressional committees of investigation.

It seems clear, also, that in respect to constitutional rights the individual enjoys a less privileged position before a congressional committee than he enjoys before a court of law. There may be more than a co-incidental relationship between these two facts. The congressional committees do not operate under the same rules of testimony as do the courts. The witness may be asked questions that would be ruled out in a court. Hearsay, as well as direct knowledge, may play a part. To refuse to answer may subject the witness to political displeasure and its consequences. The fact that political or personal motives or prejudices so frequently lie behind congressional investigations affects not only the questions asked but the proceedings as a whole. The investigation all too easily becomes an instrument of political ambition or propaganda. It is true that the contumacious witness under detention may have his case taken into court, and that the exercise of this right has to some extent served as a check on the activities of Congress. Inasmuch as the courts usually proceed on the basis of a presumption of the validity of a resolution for an investigation, however, a heavy burden lies even here upon the witness.

The consensus of opinion among those who have given most thorough and most impartial attention to congressional investigations is that they are a necessary part of our governmental system—especially in view of the fact that there are so few normal channels through which the executive and the administrative organs may be held directly accountable. Beyond this, they are held to be necessary as a means whereby Congress may, in the performance of its main function of legislating, secure needed information from whatever available source. It is emphasized that personal liberty, including privacy, must always give way to overwhelming public need.

The investigative power is recognized to be a "dangerous" one, easily subject to abuse. On the other hand, it is recognized that to impose too many restrictions would impair the effectiveness of the investigation. The main difficulty lies, therefore, in the too easy prostitution of the investigation to unworthy ends rather than in the institution itself. The point is also made that since the detention of the recalcitrant witness is limited by the duration of the congressional session, the detention is in this, as well as in other respects, unlike punishment for crime. It is furthermore subject to court review. Finally, it is emphasized that in spite of extreme instances to the contrary, Congress has not in normal times and over the entire range of its investigations been guilty of a general abuse of its inquisitorial power.

ALTERNATIVES

Some remedies and/or alternatives for investigative committees have been suggested. It is not envisaged that investigations by congressional committees will or should be abandoned. Congress will be jealous of this function, and for some investigations, congressional committees, just because of their broad and relatively undefined powers, will remain the most effective organs. The most common suggestions are that Congress should create a greater number of administrative agencies with investigative power, and that these agencies, as well as congressional committees, should be amply provided with expert advice and assistance—both as to pertinent subject matter and to procedure—in the interest of efficiency, as well as of giving the maximum possible consideration to individual rights.

With regard to the activities of the Dies Committee and of its successor, it may be pointed out that these committees were born, not in a time of peace, but, as was suggested in the first article in this series, in a time of what is virtually world-wide civil war. The political and other attitudes of some of those favoring the investigation of un-American activities have played a substantial part in the history of the investigation to date. These attitudes are interestingly reflected in the statement of the purposes of the committees in terms of "un-Americanism" which, together with the specific wording of the establishing

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resolution, suggests the possibility that the advocacy of any change in the American form of government, by any means, however peaceful and constitutional, might be deemed "un-American."

However mixed the motive, and however extreme the methods of these committees, the ultimate situation with which they have been wrestling, and the question of what can be done about it, present vast difficulties. The problem is as crucial as it is difficult, and its difficulty would remain even if all irregularities in committee procedure should be removed. This problem may perhaps be briefly stated as follows:

Given the dynamics of Russian Communism and the suppression of the intellectual and other rights for which it stands, is the need for information concerning its presence and its influence in the United States, and for remedial legislation, great enough to justify the interference with personal liberty and individual rights entailed in the eliciting of this information by Congress? In consideration of the close integration of thought and action in communist ideology, how literally can the individual summoned before a congressional committee, whether unsympathetic with that ideology, or sympathetic as a member of the Communist party or as Fellow Traveler or in other capacities, claim the immunities of the Bill of Rights without danger to society and the state? At what points in such a situation does legitimate "privacy" begin and end?

The argument for privacy loses something of its force in view of the emphasis placed on publicity—through registration and otherwise—by many of those most zealous in the interest of individual rights. The striking of the proper balance between self-defense—whether in terms of territory or of values—and individual liberty will remain one of democracy's most delicate and most persistent problems. Through either too great or too little regard for constitutional rights in a highly abnormal situation, democracy may destroy itself.

[*In the third and concluding article, Miss Ellis will discuss the problem of loyalty*]

Once upon a time, the animals decided they must do something heroic to meet the problems of "a new world," so they organized a school. They adopted an activity curriculum consisting of running, climbing, swimming, and flying, and to make it easier to administer, all the animals took all the subjects.

The duck was excellent in swimming, better, in fact, than his instructor, and made passing grades in flying; but he was very poor in running. Since he was so slow in running, he had to stay after school and also drop swimming to practice running. This was kept up until his web feet were badly worn and he was only average in swimming.

The rabbit started at the top of the class in running, but had a nervous breakdown because of much make-up work in swimming.

The squirrel was excellent in climbing until he developed frustration in the flying class where his teacher made him start from the ground up instead of from the tree-top down. He also developed charlie horses from over-exertion and then got a "C" in climbing and a "D" in running.

At the end of the year, an abnormal eel who could swim exceedingly well and also run, climb, and fly a little, had the highest average and was valedictorian.

The prairie dogs stayed out of school and fought the tax levy because the administration would not add digging and burrowing to the curriculum. They apprenticed their children to a badger and later joined the ground hogs and gophers to start a successful private school.

—*Better Teaching*

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Congress and the President are deadlocked in balance

STALEMATE IN FOREIGN POLICY

By FERDINAND A. HERMENS

Professor of Political Science, University of Notre Dame

"AMERICAN Foreign Policy sometimes seems to be galloping in all directions at once, particularly when it is being adjusted to new circumstances." This sentence, with which *Newsweek* begins a recent discussion of our current Japanese policy, could also serve as an introduction to our German policy, to our Chinese policy, or to certain aspects of our Latin American policy. It could, in fact, be argued that ever since the end of World War I, when our foreign policy suddenly became of primary importance both to ourselves and to the rest of the world, it has lacked the unity of purpose without which it could not achieve its ends.

The average American is not to blame for this condition. He has at least as much ability for coherent and consistent action as does the average citizen of any other country. Nor is there any reason to assume that material for political leadership is less good, or less plentiful, in the United States than it is elsewhere. We must ask, however, whether both leaders and people possess the tools of action which they need in order to accomplish desirable results. This question is, as a rule, not raised in political controversies; when a political misfortune develops, it is customary to look for persons, or groups of persons, upon whom the blame can be fixed. This tendency is as strong in domestic as in foreign affairs, and partisanship aggravates the situation in both fields. Now and then, however, an observer insists on going below the surface, and then a more balanced judgment is obtained, as is evident from the following remarks made by Senator Fulbright before the Joint Committee on the Organization of Congress:

> I think in Hoover's later years, the severity of the depression was vastly accentuated by the two years between 1930 and 1932 in that Congress would not go along with him. We could not do much. We just sat there and things got much worse in that period. You had a two year period in which perhaps something should have been done to prevent or lessen the severity of that situation. When Representative Cox then asked: "Is that a criticism of Mr. Hoover or of the Congress?", Senator Fulbright answered: "I think it is a criticism of the system. There is no way out of that situation."

Similarly, there was no way out in 1919, when a Democratic President and a Republican Congress defied each other, and the cause of an active American foreign policy suffered a reverse from which it never recovered. The basic elements of Senator Fulbright's analysis apply fully to this case; in fact, the discussion within which his remarks were made began with a consideration of the condition prevailing during the last two years of Woodrow Wilson's presidency.

The possibility of a constitutional impasse arises from the fact that our political system does not have one head, but two. There is a President, chosen in one electoral process; there is a Congress, chosen by a different process, and divided into two houses. Important political steps cannot be taken unless both the executive and the legislature give their approval. If the two branches do not agree, a conflict arises which cannot be resolved either by the removal of the President by the Congress, or the dissolution of the Congress by the President. That this can lead to fundamental difficulties is implied in one of the two terms in which the theory of "check and

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balances" is stated. While "checks" are, within their proper limits, a necessity, "balances" are an absurdity. The term "balance" has its proper meaning in physics, where it originated. In the field of politics, the result of two equal forces opposing one another is a deadlock. Montesquieu, the author of the theory of "checks and balances," in a strange passage in *The Spirit of the Laws* admits that from a balance of opposing forces there might result "a state of repose or inaction." He tries to escape the implications of this admission by adding that "since by the necessary movement of things, they (the different branches of government) are obliged to move, they will move in concert." Montesquieu gives no reasons for this assumption. Actually, movement in concert is but one out of several possibilities, and it is the one least likely to materialize. If two branches of government have been deliberately pitted against each other, because it was assumed that their mutual jealousy was a necessary safeguard of political liberty, it requires an unusual degree of patriotism to bring about cooperation. Alexander Hamilton rightly warned the Constitutional Convention that "a reliance on pure patriotism had been the source of many of our errors."

The alternative to action in concert is either that the deadlock continues, or that it is overcome by the dominating influence of one branch of the government. In this case, the balance postulated by constitutional theory is broken. In fact, the forces which are able to upset the balance are likely to be so strong that they will sweep desirable checks aside together with destructive balances.

If, for the purpose of this discussion, we limit ourselves to the field of foreign affairs, it is obvious that action resulting from domination is more likely to be taken by the executive than by Congress. Alexander Hamilton gave the reasons in No. 75 of *The Federalist* papers where, comparing the executive to the House of Representatives, he said:

> Accurate and comprehensive knowledge of foreign politics; a steady and systematic adherence to the same views; a nice and uniform sensibility to national character; decision, *secrecy*, and despatch, are incompatible with the genius of a body so variable and so numerous. The very complication of the business, by introducing a necessity of the concurrence of so many different bodies, would of itself afford a solid objection.

The Senate has now more members than did the House of Representatives in 1789, therefore, what Hamilton says about the House also applies to the present Senate. So far as the complication of foreign affairs is concerned, it has tremendously increased in recent generations, and the advantage enjoyed by the executive on this account is correspondingly enhanced.

CONGRESS IN FOREIGN AFFAIRS

Congress is under a particular handicap when it comes to taking the initiative in foreign affairs, where it lacks both the organs through which information could be secured and through which action could be taken. Its practical influence may be limited to the expression of approval or disapproval when an executive proposal requires Congressional consent. By that time, an accomplished fact may have been created which Congressional disapproval cannot undo. If, on the other hand, Congress does have an opportunity to assert itself, as when the ratification of a treaty, or the voting of appropriations is required, the freedom of action is often limited to the possibility of taking a negative attitude. Congress can block the plans of the administration (and bring about another deadlock), but it cannot take affirmative action of its own. There is no positive aftermath to the Congressional "No" spoken in regard to the executive. Thus, the isolationism which developed after the rejection of the League of Nations was not really a policy; it was the negation of a policy.

As a result of these limitations on positive action, the United States could, when the clouds of war gathered again, do nothing to dispel them, no matter how clearly the need of such an effort might be seen. Mr. Cordell Hull has informed us in his *Memoirs* that the famous warning issued by President Roosevelt in his "quarantine" speech of 1937 was delivered upon the advice of the State Department, which was under no illusions as to the trend of developments abroad. The negative reaction within both the public and the Congress made executive initiative impossible. Once again, when Congress tried to provide a substitute, it was positive only in appearance. The neutrality legislation to which it resorted merely served to put the world, including

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those who were preparing for war, on notice that the United States would not apply any preventive measures during the time when they had a chance to succeed.

In the years that followed, the executive was not entirely passive; the Secretary of State issued solemn warnings, which were soon discounted, and President Roosevelt, blocked in his desire for direct action, resorted where possible to a policy of indirection. Thomas K. Finletter, in his book, *Can Representative Government Do the Job?* has commented as follows on this policy:

> This peculiar authority of the Executive gives it the power to create the conditions which make war inevitable, or, contrariwise, to avoid war by yielding to the pretensions of other nations. But it does not give the President the power to stop war by affirmative collaboration with other nations, and to impose our own plans and principles on those nations who believe in war as an instrument of national policy.

After the war had broken out, the executive all of a sudden found itself released of almost all restraints in its conduct of foreign affairs. Military necessity, so often real, could be invoked to justify the secrecy of all measures, even if their political impact was strong. In countries with a parliamentary system, as in England, there is during a war at least the safeguard that the head of the government must discuss his plans with the heads of the competent government departments, each of whom is a political power in his own right, and each of whom could challenge the Prime Minister in Parliament if his advice is disregarded and if he leaves the Cabinet. Also, parliamentary discussion remains a vital factor; after the great inter-Allied conferences, Mr. Churchill not only addressed the House of Commons before President Roosevelt addressed Congress, but he felt it necessary to give more information than was contained in the reports of the President. Additional information was elicited in the subsequent parliamentary debates, of which there is no equivalent in the United States. Such checks make it likely that policy, even where it has to be secret, is at least developed through the proper channels, which provides a chance that as much wisdom will be employed in making it as is possible in this imperfect world.

In the United States, so influential during the war on account of her military and economic power, vital decisions in the field of foreign affairs soon entirely escaped the guiding hand of the Secretary of State. The final stage in this development was reached in the summer and fall of 1944, when Mr. Morgenthau practically replaced Mr. Hull as the President's adviser on matters pertaining to Germany, although, at that time, these matters also determined the all-important relations to Russia. When, during the Quebec Conference, Mr. Morgenthau showed himself so obsessed with the desire to obliterate any potential German power that he disregarded all diplomatic consequences of his proposals, Mr. Churchill reminded him, as Mr. Morgenthau has revealed in his articles published in *The New York Post* last November, that he, (Mr. Churchill) was keenly interested in what might happen in the wide stretches "between the white cliffs of Dover and the white snows of Russia," and that he had no desire to be "chaining himself to a dead German." Mr. Morgenthau, whose weapons of persuasion included a reference to Lend-Lease, won out in Quebec. The storm which followed in the press when the outlines of the Morgenthau plan were made public caused it to be shelved for the time being, but in the directive dealing with the government of Germany (J.C.S. 1067) and in the Potsdam declarations, many of the original features of the Treasury plan re-appeared. The results were what Mr. Churchill had feared they would be: Russian power was drawn into the vacuum created by this negative German policy, and both England and the United States now find themselves chained to the dying body of the German economy.

Our policy has now been reversed so far as Russia is concerned; concessions based on unlimited confidence have been followed by a policy designed to bring about her "containment." Essential parts of this policy have come to be embodied in the Marshall plan, which is devised to make Western Europe economically self-sustaining, and politically stable enough to resist Communist penetration. The new policy is once again, and inevitably, the result of executive initiative, but, on account of the appropriations needed, Congressional approval is essential. The seeds of

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conflict, and of frustration, are inherent in such a situation, and the fact that 1948 is an election year in which a Democratic president tries to turn the tide against a Republican majority in Congress, does not improve the prospects of a workable solution.

In such times an alert public opinion is vital. It is little use to side with one protagonist or the other, and to engage in the old game of blaming political opponents. There are strong and weak points in the arguments of both the executive and of its congressional critics; an effort should be made to combine the good elements of both.

Senator Taft's New York speech of November 10 indicates some of the ingredients of a workable solution. It was natural for a prominent leader of the opposition to remind the administration that the ills which we are now trying to cure were, to a large extent, brought on by its own acts. During the last phase of the war, it neglected the opportunity of occupying much of the German territory which is now under Russian control, and extended the area of Russian occupation as late as in the fall of 1945. Senator Taft also stressed the continuing effects of the economic policy pursued in regard to Germany, and added: "I would like to suggest that the German policy of the Government is even more important to the re-establishment of Europe than the Marshall plan." At this point, the criticism begins to imply negative as well as positive elements, but before Senator Taft's criticism is discounted, it is well to remember that ever since J.C.S. 1067 was made public (October, 1945), *The New York Times* has, in its editorial columns, taken a stand which was similar in substance and no less vigorous in form. Thus, in an editorial published on February 25, 1947, *The Times* said:

> Both Japan and Germany were well able to feed themselves before the war, not because they could grow all their own food but because they were among the important workshops of the world. Today they are within our power, and our power has made the workshops still. Yet, given the chance, they could easily start up again, not only to produce goods to buy their food but also to repair the damage they have done and to help industrialize their respective continents. If that means increasing their industrial and therewith their military potential, this factor is more than balanced by our own control, expected to last for many years, and even more permanently by the creation of an industrial potential elsewhere, which means a new balance of power. It would seem obvious that if the world is to return to peace and prosperity it will have to turn from destruction to construction.

The case of Germany is more immediately pertinent to the discussion of the Marshall plan than is the case of Japan. Not enough observers in this country are aware of the criticism of Germany's economic strangulation advanced in such countries as Italy, Greece, Turkey, Denmark, Norway, The Netherlands, Belgium, and Luxembourg. All of these countries are suffering substantial damage on account of the loss of their German trade; not so long ago an Italian government spokesman emphasized that until a few years ago Italian exports of fruit to Germany brought in the foreign exchange needed to pay for coal imports, and striking examples along similar lines could be given in regard to the other countries mentioned. *The New York Times* commented on November 13:

> The fact remains that the American attempt to finance Europe's recovery, while at the same time also financing Germany's economic strangulation under the Potsdam plan, has proved a costly failure. That fact has now been taken into account in both the European recovery plans and in the new level of industry decreed for Western Germany. But it may be doubted that the full import of past errors has really sunk into our consciousness, or that the plans and measures for their correction are anywhere near adequate. On the contrary, we appear to pursue policies of both recovery and strangulation simultaneously.

The editorial then refers to the 682 additional plants to be dismantled in the British and American zones (the addition of the French zone would bring the number close to 1000), and concludes: "Let the plants stand and go to work."

If economic strangulation were ended in Germany, our economic burden could be eased perceptibly.[1] Even now the Germans, if allowed to do so, could make aggreements with their neighbors which would benefit both sides. Large-scale German exports would not be possible before a two year period has

[1] Interesting data concerning the way in which the dismantling of German factories interferes with the Marshall plan are contained in the pamphlet entitled "Destruction at Our Expense: How Dismantling Factories in Germany Helps Inflation in the United States and Sabotages the Marshall Plan," written by Christopher Emmet and Fritz Baade, and published by Common Cause, Inc., 48 East 48th Street, New York 17.

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elapsed; such exports would, however, still come in time to provide substantial assistance during the final years of the proposed European Recovery Program. This prospect should not cause us to slash blindly the proposed appropriations, and "underfinance" the program from the start. We should, however, be aware of the fact that, if we want the Marshall plan to succeed, a full utilization of the productive potential of Western Germany would be a great help; and that it might turn out to be an absolute necessity.

Similar considerations apply to Japan. When various political leaders suggested a program of definite support for the Nationalist government of China, Walter Lippmann objected that this would mean dissipating our limited resources. Our resources would not be so limited, however, if we did not increase existing scarcities by a policy of economic strangulation in regard to what used to be the chief producer of continental Europe, and of the Far East. The unused productive potential of Western Germany and Japan is still large enough to provide us with the margin needed to undertake an effective program in both Europe and the Far East. In the case of Japan, the opposition to misguided economic policies has been led by *Newsweek,* which made certain vital facts public that had been withheld from us, and to Senator Knowland, who forcefully pointed to the discrepancy between promoting economic disintegration and pouring in hundreds of millions to help the victims of that disintegration.

As could have been expected, the administration goes ahead with its policies in Germany and Japan, where it can act without Congressional approval, and Congress questions substantial parts of the appropriations demanded for the E.R.P. Friction has developed over the administrative aspects of this program as well as over the expense. Congress wants the task of reconstruction to be entrusted to a new agency rather than to those sections of the State Department which have, in recent years, been so unbusinesslike in their policies. Secretary Marshall counters: "There cannot be two Secretaries of State." He is right in principle, since the E.R.P. has a definite political purpose and should be integrated with the rest of our foreign policy; he will be wrong in practice, if the State Department fails to integrate its own policies, and continues to acquiesce in destruction while billions are asked for reconstruction.

Whether, in a campaign year, Congress and the administration can find enough common ground is difficult to tell. Powerful forces tend to tear them apart. Much would be gained, however, if some of the agencies which have access to impartial public opinion would point out the basis for possible agreement, and work for its attainment, rather than to engage in pressure on behalf of one side or the other. If this should prove impossible, we might as well re-examine the political system which forms the basis for destructive conflicts, and ask ourselves whether, before we spend so much energy on promoting a World State, we should not try to harmonize the constitutional machinery of the country which, in this period of history, is the only one that can provide the leadership for the cooperation, and perhaps eventual federation, of the nations interested in peace and freedom.

"If the truth were admitted," says Reginald A. Johnson, Director of Field Services of the National Urban League, "the [following] would be a typical advertisement describing rental property for Negro occupancy in one of our larger cities."

Ten room house, at least 60 years of age, badly in need of repair and redecoration. House is cold in winter and hot in summer. Conveniently located near smoky factories, noisy railroad yards, and receives frequent fragrance from nearby stockyards. Neighborhood is highly deteriorated and is well supplied with all the factors that encourage crime and delinquency. Heavy truck traffic in area, no nearby playgrounds, and firetrap schoolhouse within walking distance. Best thing available for nice Negro family at exorbitant rent. —*American City*

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THE LIBERALS' DILEMMA

By KARL KEYERLEBER
Author and Journalist

New goals ahead for liberals

ONE of the classic stories of World War I is about Marshal Foch. His forces driven back and disorganized by the German onslaught in the first Battle of the Marne, he wired the French General Headquarters: "My center gives way; my right recedes; the situation is excellent; I shall attack."

Perhaps it is not stretching analogy too far to see in today's political situation a comparison with that French army of 1914. Embattled and driven back on their citadel are the American Liberals. They have lost battle after battle, their ranks are decimated, their center gives way and their right recedes.

Whether the situation is equally favorable for a counter-offensive to stem the nation's determined march back to reaction is doubtful, but we have a new party in American politics today because some of the Liberals decided that it was time to stop running and start fighting.

In the swing to the right after the gains of the New Deal era, the Liberals in America fell upon evil times. In fact, it may be said that they fell upon their faces. They lost the fight for federal controls to slow inflation and give effective aid to home building. They saw the peace bungled and federal safeguards over civil liberties weakened. Hope for a just peace and a stable world order recedes daily.

Not only has the Liberals' influence on our federal policy ebbed to a new low since the 1920's, not only are they unable to mount any but weak, rear-guard actions—they have been pushed clear out of the main battle line, to a point where they waste their strength in indecisive skirmishes over programs instead of principles, details instead of doctrine. The witch hunts of Washington illustrate the point. Administrative firings of those suspected of disloyalty, without the usual safeguards against false witness granted to any thief, do not go unnoticed. Nor do the congressional inquisitions which seek to pluck "un-American" thoughts from every bosom. The Liberals charge into the fray, but they break their lances not against the *purges* and the *smear techniques* but against the *methods* employed. They seek only a sort of limitation on the infringement of American freedom, or perhaps a diversion that will spare this minority or that one but let others suffer. The main battle goes by default.

Thus conditioned by compromise and defeat, the Liberals now face a political dilemma. Whether they support the Democratic party, the Republican party or the new party founded by Henry Wallace, all the roads seem to lead to defeat.

Let us examine the alternatives.

President Truman has been hard at work in recent months, patching up the old Rooseveltian campaign vehicle with a bit of scotch tape and baling wire here and a lick and a promise there, seeking to bind it together for one more run to the wire in November. While some of the repairs have been startlingly effective—notably the mending of the breach between the administration and the Trainmen's A. F. Whitney who once threatened to bankrupt his union if necessary to defeat Truman—the President is faced with the loss of considerable strength on the left and, since his "human rights" message of February 2, the possibility of a major revolt on the right. Nor has the course of events in Washington been such as to hearten the more moderate elements of either wing. A succession of Truman pro-

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nouncements which had the ring of liberalism were followed almost invariably by performance that was very weak tea.

After releasing most of the war-time brakes on our ballooning economy, the President spoke bold words on behalf of price controls, federal leadership in the housing crisis, conservation and fair distribution of scarce industrial materials, and other safeguards to ease the transition from a war to a peace economy. Yet, long before his veto battles with Congress, he himself had opened the way to collapse of price ceilings by failing to support his price administrators in collisions with other bureaucrats. He let die a housing program which he had called for and which Congress supported. Public statements on behalf of "no little plans" were followed by a whittling away of his housing expediter's powers in a series of internal policy conflicts.

Mr. Truman has fostered a bipartisan foreign policy which scarcely can be called democratic in many of its aspects and which swings a big stick rather than trying to come to grips with the vital problem in a constricted world of achieving a *modus vivendi* with Russia.

In the face of the Wallace insurgency, the President may be expected to tread cautiously on issues the former vice-president raises and to embrace many of them. He has already moved markedly leftward from the labor position he took a year ago when he incurred the wrath of Whitney and other labor leaders by asking for drastic legislation to curb strikes. Sober second thought brought a Taft-Hartley veto. In his January message to Congress, Mr. Truman proposed a program with such liberal earmarks as tax revision in favor of low-income groups, inflation control, welfare legislation, conservation of resources, and expansion of social security. In February he sent to Congress a special message calling for legislation to abolish racial discrimination, outlaw lynching and the poll tax, establish a fair employment practices commission, and wipe out Jim Crow segregation in public carriers.

This program sounds enlightened. The February message, indeed, so incensed reactionary Southern Democrats that some of them threatened to initiate a new secession—from the party. Why doesn't it satisfy Wallace and other Liberals?

It doesn't satisfy for two reasons. The President has failed to resolve the conflicts in his foreign policy and, in the face of the domestic record already noted, he has failed to convince Wallace and others that his performance in the future will live up to the promise of those two messages. Part of the record is the departure from important office of every New Deal hold-over.

As one politician expressed it, the President, seeking to follow the liberal path marked out by his predecessor, "knows the words but can't carry the tune."

When Destiny turned up a Roosevelt, it was possible for the Liberals to unite behind him and work within the Democratic party to achieve their aims. But where Roosevelt bent the party to his will, his successor has been bent by the conservatives and reactionaries in party councils, and on major issues the Liberals have been outvoted.

One is tempted to say that a party consisting of such oddly assorted interests as the Southern White Supremacy champions, the C.I.O., the Ellis Arnalls, and the Claude Peppers cannot long be held together. Yet Truman has kept most of them in the fold, and if not content, at least tractable. The Democratic party has tottered along for nearly a century and a half, often, as Arnall has described it, "carrying water on both shoulders and displaying a disgusting refusal to die." But in its hardened arteries the blood courses slowly today.

THE REPUBLICAN PARTY

Walter Lippmann in his syndicated column recently applied to Senator Robert A. Taft a remark that seems to fit the present leadership of the party: "Mr. Taft is still arguing it out with President Roosevelt, Mr. Tugwell, and Mr. Harry Hopkins."

The G. O. P. was born of a liberal, third-party movement which brought Lincoln to the White House. It produced Teddy Roosevelt and, in a fit of aberration, Wendell Willkie, but renounced them both. Down through the years it has planted its roots firmly in conservatism, tolerating but not encouraging such wayward children as Wayne Morse, and only bowing stiffly to such as Harold Stassen.

One might expect a major party that hadn't

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elected a president in 20 years either to die or to come up with a program and leadership that offered something inspiring and pointed the way toward some distant goals. Instead, the party's leadership today seems, as Lippmann noted, to be devoting its major energy to the task of reversing much of the social progress achieved while it was out of power. They have undermined public confidence in large-scale federal planning, such as T.V.A., planted a land mine in the path of union labor, and set their strength against federal efforts to stabilize the nation's economy.

Leading architect of this brave effort to make 1948 more closely resemble 1920 is Senator Taft, whose position as the brains and the embodiment of American conservatism is unassailable. For the kind of party the Republican organization has become, he is a good candidate. His philosophy of government can be summed up as a belief that if government just stalls long enough without acting on a problem, the problem will take care of itself; which contrasts with the doctrine of an earlier Republican, Lincoln, who said "the legitimate object of government is to do for a community of people whatever they need to have done, but cannot do at all, or cannot do so well for themselves, in their separate or individual capacities."

If Taft does not win the Republican nomination, the field will be wide open and even the amiable Warren of California might come in —a horse so dark that nobody knows where he stands on any major issue of the day. Dewey might get it, but the party never has nominated a man who once was beaten, and there is nothing in the cautious, practical approach to issues demonstrated by the New York governor to make it likely that this precedent will be broken in 1948, unless it is a prevalent belief that with the Democrats split any Republican could win. Dewey's views, which often seem to be formed after a reading of the public opinion polls, would be acceptable to many but will fire few with enthusiasm.

Stassen, international-minded but to the right of Truman on domestic issues, won't appeal to the party chiefs, and unless he makes a surprisingly strong showing in Ohio, where he has challenged Taft in his home state, he is not likely to be nominated even in a deadlocked convention. The only other Republicans who might win sizable blocks of liberal votes are Senators Morse and Aiken, but they lack standing in the G. O. P., even if their outlooks were acceptable.

New parties rise when the existing parties fail to offer a choice on issues of the day. Sometimes they have elected presidents, though never their own candidate. Henry Wallace launched his third-party movement because he felt that the policies of both major parties were indistinguishable and would lead to war.

The former Vice President and Secretary of Commerce has an unwavering record of devotion to the cause of labor. He has shown that he can fire the imaginations of men, notably so in the "Century of the Common Man" speech he delivered in New York while he was Roosevelt's vice president. Wallace, who once changed the structure of a grain of corn with beneficial results to midwestern agriculture, has sought since to change the economic structure of the world and "make it safe for machinery." He changed the concept of the vice-presidency from Throttlebottom to as-

Herblock in *The Washington Post*

"Listen! Listen To The People Cheering"

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sistant president. He is a skeptic and a mystic, but devoid of political persuasion.

The third-party candidate for president never has sold himself to the practical politicians. He is more prophet than politician, as Freda Kirchwey has put it. To this handicap must be added another: in a period when anti-Soviet sentiment is rolling in waves over the country, Wallace stoutly advocates a policy of rapprochement with Russia. In the present state of post-war jitters, this makes the Iowa-born Wallace a Red!

The party he founded has thus far proved less a rallying point than a point of departure for Liberals. Though he will appeal to many in the ranks of labor, he has won little support from their leaders. He will not receive the organizing and financial aid of the A. F. L., nor did he expect it, but neither will he receive the formal backing of the C.I.O. or the B.R.T., and these he might have counted upon. Money and organization are two things he needs.

Miss Kirchwey has revealed some of the doubts that assail Liberals:

> If Wallace makes a strong run, he will very likely send a reactionary Republican to the White House and throw several good progressives out of Congress. If his showing is poor, he will present the country and the world with a demonstration of weakness in progressive ranks which will be unfortunate and in some ways deceptive. For many millions of progressives will decide not to 'stand up and be counted' for Henry Wallace.
>
> *The Nation* still believes that the attempt to launch a third party without solid labor support is foolish.

This assumes that the Wallace movement will fail because it is premature. But it also assumes that men with conviction can wait for a convenient time to express those convictions, meanwhile losing no ground. Wallace supporters don't feel that way.

"We've got to stop running and vote for *good*, not *less bad*," one of them told me. "Otherwise we only face worse and worse alternatives. We let ourselves be pushed back and back on every big issue—on inflation controls, on housing, on foreign aid, on minority rights, and civil liberties—until we were arguing not about fundamentals but about details and pallid choices between evils. I'm tired of choosing the lesser evil and trying to separate Tweedledee and Tweedledum. We have to make a stand some time and by 1952 it will be too late.

"Look how Wall Street and the Army are running the State Department and most of the bureaus now. Put a Republican like Taft in the White House and by the next depression we'll have swung so far to the right we'll be ripe for Fascism."

Thus the Liberals face a year of decision which, however, is unlikely to be decisive. They face a changing world in a time of crisis ill prepared by a tradition of disunity for unified action. They lack clarity of objectives. They have suffered from a failure to stick to fundamental principles. There has been too much fear and appeasement and "me too" baying on the post-war witch hunt. ("Look, I'm not one of them. I hate them as much as you do.")

John Fischer, writing in *Harper's*, has diagnosed the Liberals' post-war failures as "intellectual bankruptcy."

Is not the problem rather one of "intellectual sovereignty?" Having fought and won major campaigns in the struggle for labor safeguards, more economic security for greater numbers, a considerable redistribution of wealth, and a new start on international cooperation, the Liberals still have worth while and unrealized objectives. The principles of human rights at home and a just, enduring peace for the world still need to be implemented. Immediate goals that come readily to mind include more positive government action to control the wild swings of inflation and depression, a rebirth of faith in the principle of civil liberties, and a larger role for minorities in American society.

No, what is lacking is not a set of goals but a road map to reach them. To regain political power, the Liberals will have to unite on a common program, then organize and grub for votes in the grass roots as the P.A.C. did. And first they need to begin exploring areas of agreement among themselves instead of emphasizing those of disagreement.

Just as a nation which joins the United Nations must yield certain prerogatives, so must Liberal groups sacrifice some of their intellectual sovereignty and find a common denominator that will enable them to achieve a maximum common result.

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A review of our consumer credit policy

Consumer Credit Controls

By VICTORIA SCHUCK

Associate Professor of Political Science, Mount Holyoke College and former Chief Program Analyst, O. P. A.

SHOULD the federal government reimpose controls over consumer credit as a hedge against booms and depressions? This question has aroused sharp controversy both in and out of Congress. On July 25, 1947, almost six years to the day after President Roosevelt authorized the Federal Reserve Board to regulate the terms of consumer credit, President Truman reluctantly signed a congressional resolution terminating controls. Yet a few weeks after the board's power expired, the Senate, in mid-December, 1947, again passed a resolution to reinstitute curbs. This measure now reposes in the House Banking and Currency Committee whose chairman, Republican Jesse P. Wolcott, of Michigan, plans no special hearings. If considered at all, "it will be taken up along with other phases of an anti-inflation program."

A review of the political and administrative gamut run by war-time consumer credit regulations affords a close-up of the way governmental policy is determined and reveals some of the pieces of lighter artillery proposed for the peace-time fight to stabilize the national economy.

Consumer credit which is commonly granted by one of three plans—installment, charge account, or term—expanded gradually in the United States between 1800 and 1910. After 1910 the volume increased more rapidly because of new types of consumers' durable goods on the market, new personal loan institutions, and greater use of credit by lower income groups. From a peak of 7.6 billion dollars in 1929, consumer credit plunged with the stockmarket. Studies of the 1930's showed that contraction of this particular credit accentuated the downswing and the expansion of the upswing of the business cycle.

The idea that federal control, through changes in requirements of down-payment and length of term, could avert the destabilizing effects of consumer credit was hit upon by two economists in the late 1930's, Winfield W. Riefler and the late Rolf Nugent. Riefler, a member of the Institute for Advanced Study at Princeton, had been on the staff of the Federal Reserve Board for ten years. He first publicly advocated qualitative controls at a Harvard conference on current problems called by the editors of the Harvard, Yale, and Princeton student newspapers. Nugent, director of consumer research at the Russell Sage Foundation, had arrived at his conclusions through studies of remedial loans, the suppression of loan sharks, and the promotion of the state model loan law. *Consumer Credit and Economic Stability,* which he published in 1939, was the first attempt to study the quantitative significance of consumer credit in business cycles and to suggest both peace and war-time regulation.

In the summer following the outbreak of the European war, when federal agencies were turning their attention to the means of converting industry to defense purposes and to plans for halting inflation, the federal reserve research staff began to examine the question of consumer credit controls. Quite independently in July, 1940, Nugent submitted to Major W. H. Sadler, in the assistant secretary of war's office, a lengthy memorandum which argued that the federal government could meet its increased demands for military supplies by curtailing civilian purchases of such durable goods as automobiles, furniture, household appliances, and other products of industries most adaptable to war materials manufacture. This could be accomplished by restricting consumer credit generally. A backlog of consumer debt would thus be liquidated

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and this would also contribute to preventing a war boom and would dam up consumer demand for durables after the war. The memorandum was sent to Leon Henderson on the National Defense Advisory Commission and to a member of the White House staff.

In August, 1940, Henderson appointed Nugent a consultant, and sometime later, the latter brought in F. B. Hubachek whom he had known as an official of the Household Finance Corporation. In May, 1941, Nugent revised his memorandum stressing the anti-inflationary results of credit restrictions. He argued that the President could issue an executive order establishing controls without going to Congress. He also suggested the federal reserve as the logical administrative agency and proposed that enforcement be accomplished by licensing businesses dispensing consumer credit. About that time the Federal Reserve Board as a whole considered the problem of curbs. And in May and June, Nugent and Hubachek worked with the late Ronald Ransom, Vice-chairman of the Board, and staff members, Carl E. Perry and J. P. Dreibelbis, on the drafting of a presidential order. Meanwhile, conferences were held with bank, retail, and loan company representatives. While the trade was, for the most part, unwilling to admit the need for regulation, prices were rising, sales people were putting on a "buy now" campaign, and the volume of consumer credit was soaring to a new high of 10.1 billion.

With price legislation delayed in the summer of 1941, Henderson, abetted by Nugent and the O.P.A.C.S. price staff, pushed credit controls. Chairman Marriner S. Eccles of the F.R.B. would not take on the job of administration unless the Board had undivided responsibility. Henderson agreed with the understanding that the Board would work with O.P.A. on policy matters. Henderson and Eccles "cleared" the order with Jesse Jones, Federal Loan Administrator, and Secretary Morgenthau of the Treasury, and the two went to the President.

The order which received presidential signature on August 9, 1941, bore the unmistakable imprints of Nugent's memoranda. The federal reserve received authority to regulate all types of consumer credit for the purpose of dampening immediate civilian purchases, creating a backlog of demand in the post-war period, and lessening price pressures. Presidential power to issue the order had been found in the 1917 Trading with the Enemy Act as amended and Roosevelt's own emergency proclamation of May, 1941. A consultative committee was set up composed of the heads of the Treasury, O.P.A., and the Federal Loan Agency. Thus federal controls resulted from the distillation of an idea and the drive of a few men.

Under the new authority, the Board issued Regulation W, which became effective September 1, 1941. It covered installment sales and loan credits on a limited number of goods whose manufacture required materials and labor critically needed for defense. Down-payments on the 31 articles listed ranged from 10 per cent of the purchase price on furniture and 20 per cent on household appliances, to one-third on automobiles. The maximum period of repayment was fixed at 18 months. Personal loans for medical, funeral, and educational needs were exempt.

Pearl Harbor gave an added impetus to plans of the F.R.B. and the O.P.A. staff to rewrite and tighten the regulation. The emphasis of the May, 1942, revision became clearly anti-inflationary. Two new spheres of credit were covered—charge accounts and single payment loans—and the list of articles was extended to such items as wearing apparel, hats, shoes, bedding, jewelry, athletic equipment, and tableware. Down-payments on furniture were fixed at 20 per cent; on all other items, at one-third. For automobiles, buyers were allowed 15 months to pay; for other articles, a year.

THE O.P.A.

Nugent and Hubachek stayed in O.P.A. until the summer of 1943. But a credit policy unit remained throughout the life of the agency, the head serving as alternate for the administrator on the consultative committee. When Henderson left, O.P.A.'s influence on credit policy waned. The consultative committee atrophied, although the Board staff informally kept the credit office head apprised of pending changes in the consumer regulation. Subsequently O.P.A. objected strenu-

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ously to Board action on one occasion only. Chester Bowles sought to have the Board delay removal of controls over loans for home improvements in the fall of 1945. But he lost.

The Board decentralized the administration of the regulation through the 12 reserve banks and the 24 branches. By 1947, 210,000 licenses had been issued. Enforcement was handled by about 150 people at a cost of $500,000 a year. Patriotic motives impelled compliance. Although the consuming public bought more goods and services during the war than they had before, purchases were paid in cash. At the end of 1943, consumer debt dropped to 5.3 billion, or about half of what it was in 1941. But then it began to climb, and at the war's end, it amounted to more than 6.6 billion. While federal regulations played their part, there was the fact that durable goods were in short supply.

In all, the Board changed Regulation W 22 times—often to smooth administration. As inconspicuously as possible in 1944, restrictions which applied to G.I. loans guaranteed by the federal or state governments were removed. The Board felt that this would not materially affect the volume of credit.

After V-J Day, the federal reserve, like other agencies, was confronted by the question, "what can we get rid of." Some of the staff members thought that the Regulation could be streamlined at once. Others argued that it should be unwound slowly. The board and the reconversion committee of the O.W.M.R. decided on the latter course.

The war over, enforcement became a problem; neither the public nor the merchants wanted to conform to credit restrictions. Finally on December 1, 1946, to create good will, the Board decided to bring out a streamlined regulation. Provisions were clipped to cover only installment credit and loans. Semi-durables were weeded out and restrictions were reduced from 36 to 12 major durables including automobiles, household appliances, and furniture. Fifteen months to pay was provided for all items; with the exception of furniture, on which a 20 per cent down-payment was required, a uniform 33 1/3 per cent down applied. The Board henceforth confined its regulation to the most volatile part of consumer credit. That portion varied roughly from one-third to more than one-half of the total consumer credit.

Before V-E Day, in the Spring of 1945, the Board stated, in its report to Congress, that "Consumer credit regulation . . . cannot be continued indefinitely without Congressional action." Again in 1946 and 1947 the Board requested a permanent statutory basis for credit regulation. Its reasons: short supplies of consumers' durables, and a backlog of buying power which if unleashed would increase the inflationary spiral. The Board contended that such credit was a subordinate but important factor in reducing economic instability.

The President lent his support. But the presence of Republican majorities in both houses in 1947 meant that chances were slim. Four measures to end controls were introduced in the House and one in the Senate. In the Spring and Summer, the banking and currency committees of each house had hearings on the subject. Meanwhile on June 5, 1947, Truman wrote Eccles that he and his Council of Economic Advisers fully endorsed the Board's recommendation for congressional authority. He added that he would terminate the executive order, if Congress failed to pass an extension.

THE OPPOSITION

During the banking and currency committee hearings, no witnesses other than the Board appeared in favor of controls. Eccles noted that such large sales finance companies as the Commercial Credit Corporation and General Motors Acceptance Corporation were not opposed. The few that testified against federal regulation were representatives of small loan companies, the Morris Plan banks, industrial banks, the used car dealers, vacuum cleaner manufacturers, and the A.F.L. Significantly absent were the N.A.M., the farm lobbies, and the National Retail Dry Goods Association.

The opposition focussed on the following points: total consumer credit is too small to affect economic cycles; curbs discriminate against labor and fixed income groups; credit grantors themselves will maintain sound practices; there is no right to tell a man how to use his credit.

About the same time, the president of the

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Bankers Trust Company in New York, Paul G. Hoffman of the Studebaker Corporation, and the head of the textile workers unions were telling the members of the Joint Committee on the Economic Report, of which Senator Robert A. Taft is chairman, that controls ought to be retained.

Both banking and currency committees reported favorably on resolutions to end controls. The house committee report echoed the arguments of the Retail Credit Institute and the American National Consumer Finance Association. The Senate measure which called for no controls after December 31, 1947, passed without debate or roll call on July 16. The House spent two hours discussing Wolcott's resolution to terminate controls at once. Party lines were split; Republicans and Democrats spoke for and against the measure. The resolution was adopted without roll call on July 22. In conference committee, a compromise date of November 1, 1947, was adopted. Controls were jettisoned on that day.

But when Truman called Congress back to Washington in November, he presented a ten-point anti-inflation program along with his request for stop-gap aid to Europe. He called for a restoration of consumer credit curbs and restraints on inflationary bank credit. In response, a new resolution to revive regulations until June 30, 1948, was introduced in the Senate.

From the *Wall Street Journal's* survey of 11 key cities in late November, it was evident that small retail firms and credit institutions were slashing credit terms. "No down-payment and customers may make their own terms" ads were reappearing. This time the Senate Banking and Currency Committee gave top priority to the measure. Hearings lasted five days and probed the economics of credit controls. Prominent bank officials testified. The American Bankers' Association stressed the note that one control, no matter how insignificant, breeds another. The President of the Federal Reserve Bank of New York, representatives of the League of Women Voters, and the A.V.C. were for the measure.

The resolution came from the committee with amendments acceptable to the Board. Authority was limited to installment credit only, and provision was made for less drastic methods of enforcement. The proposed terminal date was March 15, 1949. Taft gave his blessing, and in mid-December his Committee on the Economic Report approved restoration of controls. After some debate, the Senate passed the measure. To save it from burial in the House, President Truman again sought curbs at the opening of the new session in January, 1948.

At the end of 1947, consumer credit had reached an all-time high of 13.3 billion, of which installment credit accounted for 6.1 billion—almost triple the amount in 1945. Restriction of this type of credit is one of the less important points of the President's program. The Republican "high strategy" might be willing to write it into law. Although the A.B.A. has launched a program to restrain excessive use of bank credit, there is little evidence to suggest that, free from restraints, lenders or venders will not resort to easy credit terms when goods become plentiful. During the depression, consumer credit paper proved to be among the safest assets banks had.

Apart from party issues, Congressmen seeking controls do not believe that the mere extension of Regulation W will have much effect on inflation but rather that such extension would help to prevent some disastrous consequences in the event of a deflation.

Americans were willing to spend more than $75,000 to kill a single member of the enemy during the war. They are haggling over spending $7.50 to save one of their friends in order to preserve peace. —*Christian Science Monitor*

A long-winded lawyer had been talking for so long that the magistrate eventually made no attempt to conceal a yawn. With some sarcasm, the lawyer said: "I sincerely trust that I am not unduly trespassing on the time of this court?"

"There is some difference," came the reply, "between trespassing on time and encroaching on eternity." —*Man of the World*

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Shakespeare-On-Avon

By

LAURENCE AND SYLVIA MARTIN

ON the river Avon stands an ancient English market town which has always been famous for its malt. It leads a dual existence.

From October to April its life flows as gently as the Avon. During this period it is big news to the Stratford *Herald's* readers that a Mr. Balkwill mourns "our abandonment of the Henry VIII custom of biting off food with the front teeth, which nowadays are never used except for smiling." The Brewery Women's Club whist drive raises five pounds for the hospital. "Rustic" reports on events among the birds and flowers. In April the 12,000 Stratfordians wake up, and until the end of September they do the business of a town eight times their size. Crowds mill about in the streets, hotels are booked solid weeks ahead.

Long lines of pilgrims from as far away as the Fijis, pay their shillings to see the house where Shakespeare was born, his mother's girlhood cottage, the home of his in-laws, and the property he bought when he came back as the local ne'er-do-well who had made good. Half a million visitors a year pour in. Half of these linger to watch a Shakespearean play in the big Memorial Theatre on the river. The only showhouse of its kind in the world, it has performed its one playwright 15,000 times, lately to packed houses sold out long before curtain time.

Stratford-on-Avon is now the chief dollar-making tourist haunt in Britain, London, of course, aside. Oxford and Edinburgh make a bad third and fourth. So important is the little town that after the war the rambling old Shakespeare Hotel easily got priorities for a complete overhauling. Today the dishes you order from its French menu, and at the White Swan and the Falcon, have a nostalgic pre-war flavor. In fact, Stratford is one of the few places in austerity England where you can still dine well.

In season the town is an international crossroads. Here come soldiers on leave, women's clubs on a day's jaunt, charabancs of horny-handed workers from Welsh mines and Lancashire mills, and German P.O.W.'s shepherded by armed Tommies. Picking hops during the day, students spend their nights and their pay at the theatre. In the surrounding meadows, thousands camp in tent and trailer. All through the summer one Shakespeare enthusiast motorcycles every weekend across almost half the breadth of England to see the plays.

At the Shakespeare house, taking up your stand beside the visitors' book, you may watch in turn recording their names: a notary from Rouen, the Governor of Istanbul, Lord Wavell, a Peruvian diplomat, El Sherif Rahman Yusef el Hindi, Sudanese tribal chief (in flowing robe and high snowy headdress), a group of Finnish actors, a Pennsylvania banker and wife, and an African Gold Coast military band. Last year, in spite of travel and foreign-exchange difficulties, nationals of 53 countries paid their shilling to be shown through the Bard's boyhood home on Henley Street.

Highbrow and low, political, religious, and national enemies, all forget their differences to meet on common ground in the piece of England which the canny Stratfordians have made "forever Shakespeare." And they get their money's worth.

For Stratford has converted itself into Shakespeare-on-Avon — Queen Elizabeth's merrie England, with bath. Here you can lose yourself in quiet byways and meandering lanes, among timbered, gabled houses of Tudor times. You sleep under age-blackened rafters in inns that were old when Shakespeare was

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born. You swim and paddle up and down the dreamy river among the municipal swans. You buy horse-brasses and antiques, phony and authentic in the souvenir shops. You brush up on the plays in lush parks, gardens and meadows, and see them performed before a knowledgeable audience containing authentic copies of the folk Shakespeare put on the stage. By the time you leave you find yourself breaking into Elizabethan English.

During the six months when Stratford is not hibernating, it does little but drink, eat and talk Shakespeare, and cash in on its illustrious son. Then the *Herald* editorializes: "To ponder the astonishing enthusiasm of the outside world for our Shakespeare is a sober and humbling experience, reminding us anew of the vast responsibility that rests on us, citizens of no mean city." Then, when any danger threatens their sacred trust, the farmers and shopkeepers grow fierce.

There was last season's *Romeo and Juliet* affair. The talented young producer Peter Brook revolutionized the tragedy of the star-crossed sweethearts. He reduced them to puppy-lovers—pulling adolescents caught in the crossfire of a family feud. Opening night rang the alarm bells. The grocery queues buzzed, indignation raged in the pubs. The natives took to cold-shouldering the actors in their haunts, and a little old lady of Back Lane cornered one of the cast in the street, shook her fist under his nose, and cried: "You leave our Shakespeare alone!"

Our Shakespeare—that is the attitude. Shakespeare had nothing to do with putting his home town on the map except to be born there and there leave his bones. It is the yokels and provincials such as he pilloried in his plays who erected him into a British institution, and made their backwater town the greatest mecca of literary pilgrimage in the world. True, it took them 250 years to wake up to their duty and their opportunity. Time, which does not wait for some men, waited for a bearded giant of a brewer with the vision of a hawk and the stubbornness of a mule.

A good guess is that Shakespeare's fellow-citizens regarded him as a dubious blessing. The seventeenth century shiremen were solid and hardworking with a big stripe of Puritanism in their makeup. To them the theatre, poetry or no, was a den of vice. When, in 1622, six years after the playwright's death, his old colleagues came to Stratford with the King's special grant authorizing them to perform without hindrance, did the town fathers make them welcome with drum and tabor or guildhall feast? Far from it! They made up a purse of six shillings and bribed the actors *not* to play.

For a hundred years the only outsiders interested in Stratford were occasional literary men and scholars. As their numbers grew the town became a house divided. On one side were the "respectable"; on the other, those who were beginning to make a good thing out of the visitors.

In 1769 the landlord of the White Lion rallied his townsmen to the first public celebration of Shakespeare's anniversary. When the great David Garrick himself came from London to organize the festival, the town elders were won over. They put on a grand jubilee, with cannon salvos, public breakfasts, fireworks, and a dress-up pageant in which the yeomanry paraded as characters out of the poet's plays. There was everything—except a Shakespearean performance.

Slowly, the younger and more wideawake Stratfordians began to discover "our" Shakespeare. They founded a Shakespeare Lodge of Freemasons in 1793. Thirty years later the younger tradesmen formed the Shakespeare Club, inspiring a rival group to get together in a True Blue Shakespeare Club. In the Tercentenary of 1864, when the festival committee refused to provide for the traditional pageant of Shakespeare characters, they put it on themselves.

But for most of the 110 years after 1769 the Garrick kind of celebration was Stratford's only tribute to her greatest offspring. Local business made a little pocket money out of anxious scholars and travelers seeking oddities off the beaten track, but the town seemed destined to remain a big, dull village.

From this fate it was saved by a tornado out of an ale factory. The Will Shakespeare who enjoyed a tankard in good company would surely approve of his resurrection by a brewer 'bearded like the bard."

The tornado's name was the mild one of Charles Edward Flower. Born in Stratford,

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he inherited a flourishing brewery business—which naturally sold more liquid refreshment on Shakespeare's anniversary than on any other day of the year.

Behind big Charles' black beard was a dynamic vitality for which the brewery failed to provide full scope. In his day the burning question was a monument to the Bard. Charles Flower threw himself into the fray. He railed against the routine gesture of a granite shaft to commemorate a living spirit. "Shakespeare means plays. Good ones. The monument we want is a theatre where people can come to see those plays."

When the Flower with the truculent beard heard himself make a suggestion, he interpreted it as an edict. Although the idea may not look world-shaking from the standpoint of 1948—no idea does, after the battle for it has been fought and won—it was a bombshell that landed squarely on nineteenth century London.

While the brewer scoured the island to raise money for the playhouse, his project was ridiculed by the London press and bigwigs. An "elaborate burlesque of national respect for a great memory," they called it. "The mountains, or rather the very small hills, have been in labor, producing an absurd mouse." They pointed out that London was the capital of British civilization, and the only place worthy of harboring such a theatre. They called Stratford "dull, stupid, forsaken," and its citizens "nobodies."

Flower, who throve on fighting, roared back: "We've waited nearly 300 years for the Somebodies to do something; now we'll show what the Nobodies can do."

He gave two acres of land on the river bank, but in all England only £1000 could be raised for the theatre. It cost 20,000, and in the end Flower supplied most of it from his own pocket. Then, since the Flowers had no children, he and his wife bequeathed much of their personal fortune to the Shakespeare Memorial Association which Charles had founded to run the theatre.

The construction was an epic in itself. The land was marshy and had to be drained. Foundations were laid and relaid. Floods worked havoc with the slowly rising structure, but the greater the difficulties, the more Stratfordians, stung by London's jibes, got behind their bearded leader. Come hell or high water, that theatre would be built. When the curtain rose for the first time, in April 1879, on a performance of *Much Ado About Nothing* by a London company, Stratford looked as if it had given birth not to a mouse but to a white elephant. It was a giant theatre for a small town in the sticks. It flourished for only one week each year, during a Shakespeare festival such as David Garrick had initiated. The devout flocked to the town in April, the month of Shakespeare's birth and death. But the devout were not numerous, and many of the theatre's 850 seats remained empty.

Then Flower, in another brilliant stroke, signed up Frank Benson and his troupers. Benson, "discovered" by Ellen Terry and Henry Irving when he was still an Oxford student, had gained a reputation as a rising young actor-manager. He was one of the rare professionals who maintained that the theatre belonged to all the people, not merely to the London elite, and of his own choice spent most of his time barnstorming.

Captured by Flower's enthusiasm, and electrified by the idea of a heart-of-England theatre, Benson drew people to Stratford as much by his personal magnetism as by his acting ability. Popular demand lengthened the one-week festival to two weeks, then to three. Over the years it kept expanding, until now it covers six months of 200 performances. Even standing room is at a premium in the new theatre seating 1200. Benson reigned in Stratford for almost 35 years, nursing the theatre and the town to world-wide acclaim.

Charles Flower died in 1892, after giving 20 years of his life to the realization of his dream. He left his brother Edgar to carry on the work. And when Edgar died in 1903 he passed on the spirit of Charles to his ten sons. Outstanding among them was Archibald Dennis Flower.

When the theatre, which London had dubbed "a joke in red brick," burned to the ground in 1926, the world was shocked as by a major calamity. Archibald said: "Just as well. It's time for a bigger and better theatre." Meanwhile he kept the plays going in the local movie house.

The problem was money, and to get it he and his wife toured the United States, telling

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about the Memorial, what it had accomplished and what was hoped for. Some 2000 donors contributed nearly $600,000 through the American Shakespeare Foundation. As it turned out, Flower needn't have gone soliciting at all, for a trickle of contributions from other parts of the world swelled until it totaled a million dollars. That million paid for the new theatre which rose on the ruins of the old.

The rest of the money, and the steady profits, have been constructively handled by the Shakespeare Memorial Association, which is always headed by and decked with Flowers (there are seven active in it now). It gives its famous theatre director, Sir Barry Jackson, a free hand in developing fresh young actors and producers. It encourages them to try daring experiments, although each departure from tradition is assailed by the Stratfordians, who want Shakespeare as they've always known him. The Flower-filled governing body keeps leading and tutoring the town of farmers, traders, and shopkeepers.

Archibald retired only last year, with a knighthood. His mantle has fallen on the shoulders of his son, Colonel Fordham Flower. Fordham has a Shakespeare dream of his own, and being a Flower he will probably make it come true. His plans are for a Shakespeare University-on-the-Avon. This will teach not only acting, but production, playwriting, costume-making, lighting. He sees it instructing and inspiring students from all over the world who will go back to breathe fresh life into their national theatres.

"Nobodies, eh?" chuckles Fordham Flower, recalling the jeers of old London. "We can still show them a trick or two."

Neither the Flowers nor Stratford ever got over the epithet—"nobodies!" Yet the wheel has just come full circle. Last season for the first time the Stratford Company were invited to London, to give the sophisticates an autumn season. Their success amounted to an ovation.

The remarkable Flowers are not highbrows. Sir Archibald, who never studied Shakespeare, quotes the Bard at the drop of a theater program, but among his family this habit is looked upon indulgently, as a vagary of old age. The Flowers have been, first and foremost, businessmen. They are of the tough old yeoman stock. Shakespeare would have found room for them in a play.

Ever since Charles shook them up, the Stratfordians have held fast to civic pride and have been remaking the once-sleepy community on the Avon. They stripped from their homes, shops, and inns the ugly plaster fronts added by later centuries, to reveal the fine old timbered facades that lined the streets when Shakespeare lived. Within, fireplaces, cupboards, panels, beams and all the handsome Elizabethan details are restored. For more than 70 years they have been cleaning and painting, creating parks and gardens, grooming meadows, and lovingly preserving as a national trust every building and memory connected with Shakespeare and his times. They have made Shakespeare-on-Avon one of the most gracious towns in England.

Leaders and led have worked together in singular harmony to create the masterpiece. The whole town is a living monument. The William Shakespeare, "Gent.," who came home from London, was probably a bit of a snob. It's Will who lives on the Avon, shared by the plain folk of Stratford with the people of the world.

Little Susan's mother gave her a piece of rich chocolate cake. "Oh, I just love this chocolate cake!" Susan exclaimed. "It's awfully nice."

"Now Susan," her mother corrected, "it's wrong to say you 'love' cake, and you used 'just' incorrectly in that sentence. Besides 'awfully' is wrong; 'very' would be much more correct. Now why don't you repeat your remark?"

Susan obediently complied. "I like chocolate cake. It is very good."

"That's much better, dear," said her mother.

"But," protested the child, "it sounds just like I was talking about bread."

—*Tracks*

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Sarcasms in Sable

How righteous to serve those who manipulate the market,
Who swerve the lever on the machine that coruscates the world,
Streamlined for world leadership, for rhythms and commercial aesthetics most desirable,
Flashing the steel rails of adventure to madder monsters. . .
Enormous tabernacles of contrition and competition. . . .
Who can heap the holy floor with the most prayers to success?

It is meet that we drive the taxis well, for there are large bodies,
Repositories of wealth, who pay to ride and may excrete a tip—
The coin clings well to the bloodied palm, and who knows when we may work again?
It is proper to be on time, and not to protest unemployment,
For that is a crushed flower we should hail and hold to the button-hole.

How secretly lovely to serve the planners of new highways
Who have herded the legislators into marbled corners and forced on them garlands,
Who have slipped the notification of advancement to the banks who send notifications of eviction.
How pleasant to feel the gay garland of taxes on the warm brow!
Who sport in the street? Those who have but a short time to live,
Who extorted seniority rights, and condone the closed shop.
Who bewail the lack of shelters? Those who do not realize that tradition is vital
And each turtle has only one shell even though his children are crushed and bleeding.

How pleasant to hear the air waves honeycombed with the golden juice of truth,
Let it drip upon the fingers of need. Are we not destitute, failing?
Is not the Manufacturers' Association strong and able to help?
Commit to them the hands of your longing, and extend for them your failing strength;
Is it not good to feel yourself the servant of others, as the Bible exhorts?

The air waves classify news: a boy with an American grin whacks a towering homer, a woman disgorges her marriage,
Someone else runs and falls in the blood of a crime. These are matters for concern.
Life has always been tragic. Do not concentrate on persistent evils, rising rents.
The newspapers spawn little tadpoles of pleasure; dip in fingers, feel the entrancing wriggle of cartoons and local shows.
Put them under a glass, and watch them grow.
Then, in daylight, swell the chest of your usefulness.
You serve, and the twenty-room house at the shore will prosper in new paint and shingles;
You, as you pass in a second-hand car, can feel happy
To feel soothed by big lawns and cool trees and magnificence.
This, you have helped to preserve. That you did it for others
Is part of the moral fitness: treasure laid up in heaven.
Be joyous, rejoice, you are part of the righteous republic.

—GEORGE ABBE

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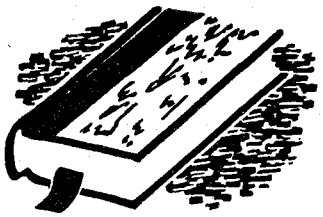

JASPER R. LEWIS

Books in brief

One of our perennial problems—labor unions—is receiving adequate book attention at the moment. Four recent volumes attest the importance of the topic. The first is *The Union Challenge to Management Control,* by Neil W. Chamberlain, (Harper's, $4.50). Professor Chamberlain of Yale University makes a scholarly study of this one angle of union power, accepting the present position of unions in industry for what it is, and arguing not the right or wrong of it, but the relationship of labor to management. The author confines himself to some of the larger fields: steel, automobiles, meat packers and utilities, where the problem is accentuated.

In this study the principal theme is, how far has labor the right to penetrate the functions of management? There are examples given of conferences of labor and management, at which the topic was not so much the question immediately at issue—whatever it was—but how far should labor be permitted to go? Management, representing the owners or stockholders, charged with the responsibility of efficient production and profit for the owners, now finds labor demanding a share in that responsibility. The author seems impartial; he sees the "rights" of ownership, but also the importance, from the workers' security viewpoint, of a part in management's plans and policies. It is probably difficult for the unbiased student to say "thus far and no farther" shall labor go. What seems the important thing is the serious approach to the problem, recognizing the condition that exists and not trying to deny or ignore it. There will be much more heard of the topic presently, and Chamberlain is right in tackling the problem openly. That is a bid for peace between the two parties, and peace is what industry needs.

Along the same line of thought, but devoted to a specific course of action, is *Labor-Management Co-operation, and How to Achieve It,* by E. J. Lever and Francis Goodell, (Harper's, $2.50). Lever is a former union official, and Goodell, a management consultant. Between them they recommend the Joint Production Committee for industry composed, as must be self-evident, of representatives of labor and management. Here is a manual of just how to go about setting up a J.P.C., what the pitfalls are that may be avoided, and even the dangers arising from personnel with inadequate backbone to fight against narrow management. Some of the more popular ideas are frowned on; suggestions should always be welcomed, but cash awards as incentives are not recommended. There are good ideas here for what H. W. Steinkraus of the Bridgeport Brass Company calls "human engineering." The authors not only discuss the ordinary facets of the labor management problem, but budgetary control, research, and training. It seems a quite practical application of the principles of co-operation to the needs of the times.

Labor Unions in Action, A Study of the Mainsprings of Unionism, by Jack Barbash, (Harper's, $3.50), appears to be a thoroughly partisan explanation of unionism in practice. It has little of softening lofty expressions of purpose. Barbash has been a union official, and when he wants a union committee to go after "runaway shops" he says exactly that. Perhaps it is wiser to be this frank about it, but surely if the unions are justified in such an action, the employers should have the right to try to avoid restriction of location, at least theoretically. In this book the author tells how unions are organized, something of their conduct and administration, with examples of both. He discusses also collective bargaining, the strike, and unions in politics. Doubtless the author is telling his feelings sincerely, but except for explaining how unions operate, there is little here that will help bring together the two opposite poles, or create a better understanding. And Barbash apparently doesn't

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think kindly of labor-management co-operation, except where the union is strong, probably strong enough to dictate to the other party. There are such. However, while unions are pretty well "buttered" by the author, reading between the lines, the non-union reader may discern some of the practices which are hardly for the public's good. That may be an unintended service.

And now one more, this definitely a salute of praise. *Spotlight on a Union,* by Donald B. Robinson, (Dial, $3.50), is the story of the United Hatters, Cap and Millinery Workers International Union. In this, the long battle of the hat workers against sweatshop conditions and starvation wages is told, but unfortunately the author, being an outsider, doesn't have a kind word for anyone but the union leaders. The early labor battles, including the Danbury Hatters Case, taken from records, show a bitter, uphill fight. In fact, it was not until the New Deal that this union really came into its own. Whether the employers have fared as well as the workers remains to be seen. Robinson makes heroes of all the union heads, and for his edification it may be said that the entire industry respects and likes the president, Max Zaritsky. Zaritsky is level headed, fair, and a gentleman. His definition of collective bargaining is honest and blunt: "collect what you can and bargain for the rest." Robinson makes the supply houses a bunch of pirates, and the industry's Stabilization Commission something less than the gods. But of the N.R.A. days Robinson is not fully posted, nor is he accurate. The first head of the Code Authority was Max Amberg, and while N.R.A. lasted, workers and chiselers alike were for it. Your reviewer should know: the Dallas manufacturers served him with three summonses in one day, and he wrote the First Annual Report of the Industry Code Authority, which Robinson mentions. Here is the story of the unionization of an industry that needed cleaning up, but the excessive praise of individuals is a sign of a biased work.

BRIEFER COMMENT

BIOGRAPHY

The La Follettes and the Wisconsin Idea, by Edward N. Doan, (Rinehart, $4.00), is the biography of father and son, progressive political figures of two generations, written at least sympathetically, with adequate references to the liberal ideas, principles, and the place of both in state and national politics.

Willson Whitman tries to eulogize her subject in *David Lilienthal,* Public Servant in a Power Age, (Holt, $3.00). Telling the story of T.V.A. which has been told before, she portrays the man less than she relates his battle with those who opposed him. Much of it is in the form of quotations from speeches and testimony, making a somewhat disjointed record.

Silver Kings, by Oscar Lewis, (Knopf, $4.00), is the story of the old Nevada Comstock Lode, highlighted by a narrative biography of its four chief beneficiaries, Mackay, Fair, Flood, and O'Brien. The discovery of the bonanza and the subsequent rise and fall of its importance is only outlined, being now an old story. The lives of the four men, financiers, mechanics, and shrewd traders, who attained control of the lode in its early days, make a gripping story in Lewis' hands. Success followed by discontent or ultimate disillusionment one way or another or family disappointments were the pattern. The rise of the Mackay clan, and Fair's election to the Senate illustrate the old American story. It is rich in interest.

FICTION

Leading the recent fiction for scope, interest, and being "different" is *Raintree County,* by Ross Lockridge, Jr., (Houghton, Mifflin, $3.95). It is a nineteenth century, Midwest American novel. While it is the tale of one day, flash backs carry the story from 1844 to 1892. There are enough incidental situations and characters to make half a dozen novels. There is a little of everything in it; love, politics, farm life, in fact, a piece of America of many years ago.

The Sherwood Anderson Reader, Edited by Paul Rosenfeld, (Houghton, Mifflin, $5.00), is a find for those unacquainted with Anderson, giving a selection of his works,

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from parts of *Winesburg, Ohio,* to some previously unpublished chapters.

The Patchwork Time, by Robert Gibbons, (Knopf, $3.00), is full of human nature as found in a small town in the South, particularly among the young. There is a touch of the color problem, but mostly the story is motivated by sex, with the author's fancy ranging from good imagery to plain balderdash.

Herbert Gorman's newest, *The Cry of Dolores,* (Rinehart), $3.50), is a novel of Mexico in 1810, cruel Spanish soldiers, and revolution. Strangely, Dolores is not the heroine, but a town, the Cry being the historic appeal made by a padre. (Reference to this may be found in a new travelogue, *This Is Mexico,* mentioned elsewhere in this department). In fact, just why Gorman picked a nondescript peasant girl for his central figure is not clear. *The Wine of San Lorenzo* had more fire in it and more interest.

Joseph Wechsberg, who wrote *Looking for a Bluebird,* now offers *The Continental Touch,* (Houghton, Mifflin, $2.75), in which he takes apart the European emigré, who has a way with women and scales the social heights in gullible America. Starting with the familiar picture of Parisian haunts and working up to Park Avenue, the story is sophisticated and at times acid.

If you read and liked *Islandia,* or before that, *The Long Journey,* you will like *The Well of the Unicorn,* by G. U. Fletcher, (Sloane Associates, $3.50). It is a pleasant story of the fanciful type, with romance, fighting for homeland and justice, and a background that sounds like the Scandinavian countries centuries back. Chapter pieces in the form of maps show the progress of the tale. I enjoyed it immensely.

And then, of course, there's a new Jeffery Farnol, *Heritage Perilous,* (McBride, $2.75). It follows the Farnol formula faithfully: an inheritance to be fought for in the time of Admiral Nelson, with all the trappings of old England. Trite, maybe, but for Farnol addicts, who relish the same plot over again, or for those unacquainted with him, here's a pleasant evening.

Eagle At My Eyes, by Norman Katkov, (Doubleday, $2.75), is an effort to show the difficulties besetting intermarriage between Jew and Gentile. It is the frank and intimate type, realistic, but with something missing, possibly the real love that the characters talk about but lack, and which would be essential against the obstacles of family and friends.

Then for a change, a historical novel centered around King James I of Scotland and the early fifteenth century, *James and Joan,* by Anne Fremantle, (Holt, $3.00). There is less novel and more history than usual, with much about the times to make it interesting.

MISCELLANEOUS

There is historical value in *Defeat in the West,* by Milton Shulman, (Dutton, $4.50), and there is also the interest that goes with "secrets" ferreted out by intelligence officials. The author served on the Intelligence Staff of the Canadian Army, both before D-Day and after, and was enabled to question important German figures and to examine German documents. Many of the notable engagements are covered separately, from the German strategic side.

Some bitter comments on Soviet policy and principles—or lack of them—come in *Russia's Europe,* by Hal Lehrman, (Appleton-Century, $3.75). The author's approach is that of an investigator starting with sympathy and praise for Russia and winding up with disillusionment and distaste for the Communist line. Lehrman traveled through the Balkan countries during the war and after, and tells what he saw, particularly in political spheres. The book is a factual indictment of the Soviet octopus.

An informal and delightfully simple travelogue is *This Is Mexico,* by E. Evalyn Grumbine McNally and Dr. Andrew McNally, Jr., (Dodd, Mead, $4.00). With friendly photographs by the authors, there is something of peoples and customs, some of the country's history, and some of its legends.

Where I Stand, (Doubleday, $2.00), is Harold E. Stassen's, political platform in his campaign for the presidential nomination, and gives his views on labor, Russia, and other public questions. Stassen seems to write frankly, but in print his comments smack too much of campaign oratory. When one reads: "I do have an abiding faith in the American people," even an admirer has to swallow hard in these days of professional politicians.

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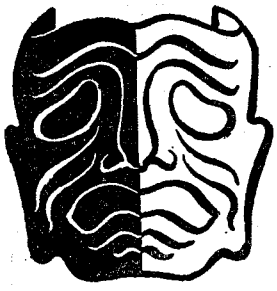
The THEATRE ARTS



by John Gassner

There always comes a time in the theatre season when it is more interesting and important to give thought to certain failures or special productions than to successes. Not snobbery but the problematical nature of theatre makes it imperative to probe most persistently where the stage contains no caches of gold and silver. What, for instance, can the critic, as contrasted with the reviewer who functions as quotidian journalist, say about *Angel in the Wings* after noting that this entertaining revue displays the dancing and clowning talents of the Hartmans? To analyze the nature of that talent is at best an exercise in the technique of acting, and almost invariably there is more pretension than truth in such analyses. Short of writing an essay, the writer cannot even approximate a description of what must be seen if it is to be appreciated, and even an essay adorns the writer more than it explains the actor—who, incidentally, needs no explanation. The physical part of the latter's equipment, and the Hartmans have the equipment, is a matter for the anatomist and the physiologist. The purely technical part consists of such things as timing and projection for which the printed page can communicate neither appreciation nor instruction. And finally, the *jongleur's* artistry is inextricably bound up with his personality about which nobody can do anything in particular; you are either funny by nature or you aren't, and the Hartmans are funny. Their dancing simply devastates the dance as an art form, and their caricaturing facility would be singularly joyless if they were not inherently amusing. Anyone can parody the dance by screwing up his face and making ungraceful movements. Yet this alone would prove distressingly pointless and ungratifying. The Hartmans have grace in their artful gracelessness, and therein lies their craftsmanship. They also manage to be decidedly amusing, because they have the comic personality that is indispensable to a successful clown. The satiric comment inherent in their performance, comes, it is true, from their intelligent awareness of the objects of their satirical intention. Their long experience in the fashionable night clubs has supplied them with sufficient experience and matter, and the so-called sophisticated public has a frame of reference without which the Hartmans' performance would lose much of its meaning. But that which is most admirable in their performance comes from nothing outside the performers.

Much cannot be said either concerning the other musical revue, *Make Mine Manhattan,* which has taken Broadway by storm, although for a critic it is a rung above *Angel in the Wings* because there is greater freshness in the material and the performances. Although it, too, is provincial entertainment since it engages the fringes of interest more peculiar to Broadway than to humanity at large, the critical spirit and irreverent tone of the revue are tonic. The parody on *Allegro* is not merely good entertainment but sound criticism. Arnold B. Horwitt, abetted by Max Liebman, proves himself not merely a journeyman but a wit in his sketches and lyrics. He is ably assisted by all departments, and by the clowning of the veteran David Burns and the gangling Broadway new-comer, Sid Caesar.

The musical, *Look, Ma, I'm Dancing,* completes the trio of profitable depredations on the public purse. On Broadway this exercise has a "book"—a more or less connected story of an ambitious and egoistic dancer's experiences with a ballet-company. Since *Look Ma* was conceived by the enormously talented Jerome Robbins, whose brilliant short ballet,

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Fancy Free, was the origin of *On the Town,* one of the freshest musical comedies of the 1940's, much was expected. The results are singularly meager because the story is neither absorbing nor witty, because the lyrics lack savor, and because the music has neither distinction nor real tunefulness. Harold Lang, who plays the "Pal Joey" of the plot, performs ably both as dancer and actor, and Nancy Walker proves herself the best female clown in the business. None of the performances, however, manages to lift the pall from an evening's generally mediocre, if not downright tasteless, proceedings.

Coupled with the non-musical suffragette farce, *Strange Bedfellows,* which has also won a large following, *Look, Ma, I'm Dancing* proves once more that excellence and good taste are not necessary to success in the theatre,—a conclusion that will distress no one who takes humanity as it is. A performing art like the theatre satisfies taste on many levels, and the polarization of standards is no greater outside the playhouse than inside it. Our Russian critics would undoubtedly take the above-cited plays, including the better than average *Angel in the Wings* and *Make Mine Manhattan,* as unmistakable signs of frivolity and decadence, just as American observers would set down the latest Soviet plays as symptoms of totalitarian communism and government-fostered insularism. Even if we admitted the element of decadence, we need not be unduly alarmed. Occasionally decadence is productive of wit, and wit is a curative phenomenon like the pearl in the oyster. Since our society is in no particular danger of destruction by its *mores,* moreover, we can observe even a tasteless farce like *Strange Bedfellows* without rushing to the nearest available Wailing Wall. What is always more distressing is the failure or even incomplete success of the theatre's nobler enterprises. It is not so important to have the Devil win some of the battles if we can make sure that God wins all the wars.

The failure of the revived Marc Blitzstein musical play, *The Cradle Will Rock,* is discouraging. The play was given for the first time on Broadway with the complete orchestral score. (It was originally played only on the piano by the author-composer when given by Orson Welles' defunct Mercury Theatre in 1937 after the equally defunct Federal Theatre found this satire on anti-union vigilantism too hot to handle while Congress was casting baleful glances at the W.P.A. project.) The revival was superbly directed by Howard da Silva and was ably acted and sung. Alfred Drake's performance of Larry Foreman, the union organizer, was especially virile and vibrant. The *Cradle Will Rock* is original in form and exciting in content. It deviates, moreover, from the usual pro-union and anti-capitalist play in the abundance of its humor and parody, and even its pathos—the pathos of the downtrodden—is delivered with sardonic tang. What appears to have defeated the play at the box-office barrier is the apathy of the public that can afford the theatre. That and the fundamental simplicity of the play's class-consciousness. Liberals are likely to look back at the 1929-39 period with considerable nostalgia. Right and wrong, like black and white, seemed so easily distributed in those days. It is also probable that the victory of unionism has been so complete that it no longer agitates those who have no immediate stake in the problem of unionization. There is, of course, the little matter of the Taft-Hartley Bill, and the producers must have counted on it to lend immediacy to the play. If so, they were mistaken. The fact with which producers and playwrights must reckon is that the social theatre of the 1930's is dead. Even another depression may not produce the kind of theatre for which *The Cradle Will Rock,* as well as the plays of Odets and Irwin Shaw, were written, because the alternative of revolution has lost its simplicity, as well as whatever attractiveness it once possessed.

No doubt the socially militant writers are aware of the altered situation, and in all probability their outlook has also changed materially even if their sympathies are still ranged on the side of the common man. *The Survivors,* which Irwin Shaw wrote with Peter Viertel, would indicate as much. Here, Irwin Shaw wrote a deeply felt, yet anything but inflammatory, plea for peace in the post-war world. Casting about for a parable to serve his purpose, instead of resorting to a directly topical approach, he invented a post-1865 situation. Two Union soldiers, who had led a

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bitter life in a Southern camp for war-prisoners, come home with the intention of settling a score with the man who had been indirectly responsible for their capture by the Confederates. Egged on by a neurotic, crippled brother and a bellicose grandfather, the hero of the play continues the feud until it ends in his death, as well as that of his antagonist, just as he has resolved to renounce his revenge. The irony lies in the fact that the revenge had no real basis from the start. The hero, Steve Decker, movingly played by Richard Basehart, had no stomach for the vendetta from the moment he reached home. His adversary, Tom Cameron, wanted nothing more than to be let alone to attend to his farm and herd. The idealistic lawyer, Vincent Keyes, magnificently rendered by Louis Calhern, made a valiant effort to reconcile the antagonists. Nevertheless, Steve Decker and Tom Cameron lie dead, victims of unreasoning hatred, and even more, of unreasonable suspicion.

The Survivors, poorly received by the newspaper reviewers with the sole exception of the magnanimous Brooks Atkinson, was quickly abandoned by the public and the producer. Unjustly, because *The Survivors* had more dramatic substance than many a play that enjoys patronage. One conclusion from the fiasco is that earnest playwrights like Irwin Shaw are facing, at least temporarily, a lethargic, entertainment-bent public which will respond to their kind of drama, the drama of soberly dressed ideas, only when the play makes an overwhelming assault upon its sensibilities. The attack of *The Survivors* lacked concentration. The authors started hares that they failed to track down; they made much incidental use of an ominous ex-Confederate mercenary without making dramatic use of him, and they promised a revelation of the innocence of the antagonist, Tom Cameron, without ever delivering it. By creating the expectation of melodrama, they bound themselves by its rules—that is, they engendered expectations of melodramatic excitement to which they would be held by the spectator. Except for some last-minute gunplay, the play lacked the overt action promised from the first moment, as well as the elements of suspense, discovery, and surprise. Faulty technique was apparent throughout a play in which separate episodes were often as intensely realized as the conception of the play warranted. But it would be an oversimplification to charge the authors with technical ineptitude on these and other counts. They were striving for something vastly more important than mere melodrama.

Although melodrama was to be their frame, they intended to have multi-dimensional characters within it. If these were muddily realized, it was because the story was too crowded to allow for sufficient character drawing, as well as because some of the characters, especially the conciliatory lawyer and Steve's mother, were needed to express the ideas closest to the author's intention. The lawyer's and the mother's speeches contained, in fact, some memorable writing, and if it is precisely such speeches that also interfered with the surge of the action, it is only another characteristic piece of irony in the theatre. Authors who engage the difficulties of writing for the stage can find themselves in situations that simply lead from one blind alley into another. When the authors tried to create excitement in order to convey their message, they found themselves following the inevitable pattern of a Western film thriller. When they attempted to drive home the ideas for the sake of which they invented the melodrama, they found themselves unavoidably involved in the difficult art of writing hortatory and conversational drama. Drama of ideas, however, rarely prevails over public lassitude without the quality of wit which is possible only in the framework of comedy, as Bernard Shaw has demonstrated for half of the near century of his enviable longevity. In the case of *The Survivors,* the drama of ideas detracted from the drama of action. And, such is the injustice of art (or of public inattention!), that the melodrama subtracted a considerable sum from the attention-drawing power of the ideas. The melodramatic and the ideational substance aborted each other, and no playwright has yet discovered a way of surviving two abortions in a single play—unless it is again, the greater Shaw. The latter, one might say, is the prime abortioner of the modern stage. (This is one way of defining the effect of the plays that followed *Saint Joan,* and also perhaps of the over-all career of

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G.B.S., who is the subject of Eric Bentley's New Directions study, *Bernard Shaw.* As criticism, this brilliantly written little book is a high-water mark in Shaviana, and cannot be too strongly recommended to anyone interested in either Shaw or modern thought.) But then the embryos of G.B.S. are special cases—crystalline, lustrous, and objects of asthetic gratification, which is saying a great deal for embryos.

Be that as it may, the case of *The Survivors* calls attention to the larger problem of writing parables for the stage. It has been attempted before by what, for want of a better term, we call "social writers." Odets succeeded with one, *Golden Boy.* Irwin Shaw nearly succeeded with another, *The Gentle People,* a play that as war came to Europe became increasingly meaningful with its Coney Island parallel to the revolt of the peaceful nations against aggression from Hitler's Germany. Parable represents the social playwright's effort to avoid the charge of preachment while he is preaching. His success is rarely, if ever, measured by his message. It is always determined by the strength of his actual story. He must triumph on the plane of literal action, because only then will the superstructure or symbolism be received with any credit.

Another distressing failure was *The Last Dance,* less distressful only because August Strindberg ended his labors quite some time ago while the authors of *The Survivors* are active in our theatre and need all the encouragement they can get. (I still maintain that they deserved more than they received.) The fault, if we look closely, may be found, in part, with the adapters, who turned Strindberg's two-part play into a single drama and gave it a contemporary American setting. The scalpel may also be plunged into the production and into the crucial acting of Oscar Homolka. But the allocation of blame, even the failure of *The Last Dance,* is less important than the fact that Strindberg's plays should continue to fare so badly on the American stage. Last season's Elizabeth Bergner revival of *Miss Julie* never even reached New York. The half-mad Swedish genius is second only to Ibsen as an influence on the modern drama, and his importance has been lavishly acknowledged equally by O'Neill, who claimed to have learned more from him than from any other modern, and by Bernard Shaw, who turned his Nobel Prize money into a fund for assuring good translations of Strindberg's works.

To explain our strange anesthesia is not difficult. We are a spoiled audience, accustomed to being guided along the line of least resistance, and we edge away from Strindberg's relentless excoriations of humanity. We are fundamentally sentimentalists, and perhaps general audiences cannot afford to renounce the defense-mechanism of sentimentalism. Only true genius is unsentimental, and that only when it functions at its highest level. An audience of geniuses would be an alarming phenomena. Also it wouldn't be large enough to keep a play running after the first night. *The Last Dance* closed after several nights, which shouldn't, however, be taken as an indication of any abundance of genius in New York. Many free tickets are handed out at the beginning of a run; and to allay the anxiety of those who dread the apparition of genius, I also hasten to report that the Belasco Theatre carried no 'Standing Room Only' sign at any of the performances. This line of argument should not, however, be carried to its logical conclusion. European audiences, even outside Sweden which cherishes Strindberg as its greatest writer, have been considerably more responsive to his plays without possessing a larger proportion of abnormally high intelligence. One reason may well be their unfortunately greater personal experience with evil; they have seen so much of it that they are probably case-hardened. Strindberg would be as salubrious as an emetic for our audiences and playwrights, and there is more than that to be said for our knowing his work. Even a touch of Strindberg—in Lillian Hellman's plays and in Tennessee Williams' *Streetcar Named Desire* (has anyone noted the point of contact with *Miss Julie?*)—goes a long way toward increasing the hemoglobin count of our native drama. The failure of *The Last Dance,* is, therefore, quite regrettable.

The trouble in history with big standing armies is that they grow tired of standing and want to go somewhere.
—*Banking*

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COUNTRY COMMENT

"A miniature book containing quotations from the writings of Henry David Thoreau, the famous naturalist, selected by Mrs. ——— The little volume, measuring 2 by 3 inches —is in itself a collector's item. The pages will be set in the unusual and beautiful Times Roman Type, enriched with a beautiful frontispiece illustration of Henry David Thoreau. It will be printed on all rag paper. The binding will be full cloth, all edges gilt, and gold stamped."

Dear Mr. Publisher: I cannot forego the pleasure—though not an unqualified pleasure —of pointing out to you that your little ad of 1947 is itself a collector's item. I am filing it in my collection of Humor, Irony, and Anachronism.

Undeniably there have been gilt-edged and gold-stamped American authors, but H. D. T. is as far from that category as any American writer I can think of. Have you, by chance, ever read his *Walden?* Or his *Cape Cod?* Or *The Maine Woods?* Have you ever happened to dip into his *Defense of John Brown?* Or *Civil Disobedience?* One gets the impression from these books and essays that during all his life he fought—and won—a fight to keep from being what you are representing him: gilt-edged and gold-stamped.

As for a collection of quotations, from Thoreau or from anyone else, it might startle you to hear what the man himself would say on that subject. I seem to hear an earth-muffled snort of disdain from his grave. Another man (not to mention a woman) do my quoting for me? As well another man do my reading for me, or my thinking, my breathing, living, dying! But why, I ask, quotations at all, when the whole man is accessible in every public library and in many a cheap edition?

Your little book, Mr. Publisher, is indeed as you say a collector's item. But it is not the only item of the sort. There is a movement under way to give lay canonization to Saint Henry of Concord. Relics of his earthly life are dug up and treasured. Every square foot of ground he trod is sacred. His words are read aloud responsively in a religious voice. Your little book provides a psalter or breviary to lie beside the Bible on a bedside table, a psalm or a prayer for every day of the calendared year.

Poor Henry! Poor Henry Thoreau in his grave in Sleepy Hollow Cemetery!

—ROBERT FRANCIS

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YES!

By ADOLF STURMTHAL

Professor of Economics, Bard College

ECONOMISTS of all brands have shared, these last few years, in an unkind fate. If the ultimate purpose of a science is to enable us to make predictions, then the economists have demonstrated how far we still are from a real science of economics. As is notorious, the Washington economists, toward the end of the war predicted mass unemployment up to 8 million within a year following the end of hostilities. By the middle of 1946, with unemployment figures consistently below the 3 million mark, the government economists beat a hasty retreat followed by the triumphant mocking of their brethren in the business world. With greatly enhanced self-confidence, the latter then turned to their employers and resolutely predicted a substantial decline in business for the fall of 1946. The stock exchange crash after Labor Day registered the results of these forecasts. Since then, the business economists have shamefacedly had to admit that the market as a barometer was almost as wide off the mark as the remnants of the New Deal bureaucracy had been. The jitters of September, 1946, were followed by the highest rates of profit in the recent history of the United States. Instead of a substantial deflation as predicted, we seem to be destined for another round of inflationary price and wage increases.

Another prediction has since come to be widely accepted—a repeat-performance of the pattern of economic cycles established after the last great war. This would have meant a brief period of confusion right after the end of the hostilities—there is some counterpart to this in the events of 1945;—a brief, but powerful boom—we have been enjoying it since the end of 1945; a sharp recession—the first postwar crisis of 1920/1. It is here that our difficulties begin: was the momentary recession of September, 1946, the counterpart to the crisis of 1920/1? Or do we still have to face it? Are we already in the long wave of prosperity which would correspond to the golden age of 1923 to 1929? Or is the whole analogy mistaken in a world governed by the interference of authorities rather than by the market?

Our lack of balance in judging our situation is also a reflection of our difficulties in administering and maintaining an economy of full employment.

BOOM

Personal incomes—the total of all incomes received, mainly by individual persons—in the United States since the end of the war is a fairly good over-all measure of economic growth. The monthly figures since 1945 show a continuous increase in personal incomes with one clear exception, the month of September, 1946, and one negligible exception in 1947. Unemployment has remained at all times below the three million mark and has hovered most of the time around the million insured persons. The civilian labor force passed Henry Wallace's 60 million goal in May, 1947, and has since grown to the staggering total of 63 million.

The astonishing fact, then, is that this apparently rather steady rate of growth has been accompanied by violent swings of our mood from gloom to optimism. This curious discrepancy is, however, more apparent than real. The global figures conceal rather than reveal the facts. They do not point out that the dubious state of business expectation in the late summer of 1946 had substantial justification in a rapid rise of inventories. They do not show the peculiar phenomenon that this boom received new impetus every time it showed signs of slackening. Thus exports gave it a spurt beginning in the winter of

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FORUM: C
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We Plan for loyment?

NO!

By MORLEY G. DILKE
Author and Journalist

ECONOMICS, like all the social sciences starts with observation. Then it attempts interpretation and prediction. When its predictions fail, it is thrown back upon either or both of the only two methods possible.

It can attempt to fit all it knows into a broad, logical pattern and base its predictions on logic. This is the approach of the "classical" economists. Or it can take the "practical" approach. It can assume that, by limiting its field, its predictions will be true for a long enough future and a limited enough group to be well worth the effort of making them. This, of course, has proved true.

But this method faces one difficulty. When the approach is narrowed to a particular firm in a particular industry in a particular country, it faces the possibility that conflicting interests will for various reasons use the same information to upset the plans of any single firm, or group, or country.

In other words, there should perhaps be a distinction between applied economics and theoretical economics. One place where the two might touch, at the moment, is a consideration of the fact that as more and more labor and cost-saving machinery comes into use, prices, not over a period of years or months but over the whole period of time since the Industrial Revolution, have gone up in a constantly ascending spiral.

Unemployment—what will become of the men who are displaced by new, labor saving machinery—is one of the oldest problems the economists face. In England, early textile mills were burned to the ground to prevent the machines from throwing home weavers out of work.

Today it is easy to see that the population of England is more than twice the population of a hundred years ago. In 1840 the population was 16,000,000 and today it is more than 40,000,000. In 1850 the population of the United States was just over 23 million. Today it is estimated at 140 million and we have more than 60 million employed. Obviously the increasing use of machinery has resulted in more jobs, not less. But the same hundred years have increased the problem of the men who are thrown out of work by new machines at any given time.

Whole industries are sometimes replaced by other and newer industries. It is perfectly natural for any man who owns a plant to try to buy up patents on any machine that might make his equipment obsolete and either hold the new machinery off the market indefinitely, or until his machines need to be replaced. At the Temporary National Economic Committee hearings in 1938, whole industries were accused of doing this with varying degrees of success.

As the end of the war approached, government economists began to state that the steel industry was failing to provide needed additional equipment. Since the end of the war, these claims have re-doubled. Steel industry economists point out that it is not practical to build plants to meet the demands of wartime destruction and seven years of pent-up demand in a year. They point out that steel production in 1947 was 70,000,000 tons, greater than 1946, the largest peace-time year, when production was 66,600,000 tons and 1925, for instance, when it was 51,000,000 tons.

Spokesmen for industry have pointed out that the 40 hour law cuts down the use of machinery and, therefore, cuts production. The law was passed to meet complaints of organized labor. Labor thought there were more machines than jobs and wanted to "spread the work." It is, of course, just as logical from labor's point of view as restricting production on the part of industry is from industry's point

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1946/7; construction helped along for a little while, until the veterans began spending their bonds. Now the Marshall plan seems destined to take over, while in the meantime the freight-rate rise of the railroads might help to keep the inflationary spiral turning. In brief, what the figures do not show, but what we have been sensing, is the precariousness of the stability of a full employment economy in peace-time, its extreme sensitiveness to even relatively minor forces; its continuous danger of dropping off either into a major deflation on one side, or an uncontrolled inflation on the other side.

Economic theory provides us with fairly satisfactory answers to the questions of how to avoid large-scale inflation or large-scale deflation. We understand—and this is what was less clear to most of us right after World War I—that inflation is the result of an effective aggregate monetary demand for goods and services which exceeds the total supply at full employment, while deflation results from the opposite disequilibrium. It follows that inflation can be cured by reducing aggregate demand, while deflation can be stopped by adding to it.

STATUS OF INFORMATION

But from this point on we are confronted with a long list of difficulties and unsolved problems. In the first place, our knowledge, even the purely theoretical one, looks much better than it really is. It is not enough for a doctor to know that a certain medicine can cure a disease. He also must know how much of this medicine is to be used under various conditions and at which stages of the malady. This is precisely what we do not know about the treatment of inflation and deflation. To this day, economists are arguing whether it was the sudden reduction of public spending which in 1937 not only killed the boom, but started a new deflationary wave or whether it was something else that did it.

As a matter of fact, we are far from any degree of acceptable agreement among the experts as to the diagnosis of our economic situation within the business cycle. Not every slight decline of effective demand is the signal for a recession, even less for a real depression. Certain price increases are unavoidable and even wholesome during full employment without being the starting point for uncontrolled inflation. No price fall or price increase indicates by itself, however, whether it is of the innocuous kind or the fatal germ—and our economic doctors do not help us either.

Ignorance apart—there is politics. Someone always gets hurt whenever you put the brakes on an expansion of effective demand. And someone always feels slighted because he was not given the major and immediate benefits of measures destined to increase purchasing power. The election year 1948 will bring us, I am sure, impressive testimony to the truth of one of these statements or possibly both. World politics adds its share of difficulties. Overriding considerations of international security may compel us to adopt a course clearly contrary to our domestic economic interests.

The term full-employment should not be taken to mean absence of any unemployment whatsoever. In a dynamic country workers are continuously being displaced in some parts of the economy while elsewhere new workers are being hired. There is thus a transfer unemployment which would run into millions. This, together with the possibility of attracting new members into the labor force and of working over-time and so forth provides a certain elasticity without which life under full employment might prove difficult to bear.

But such elasticity is not very high. At least, it is reasonable to believe that when these last reserves have to be mobilized, costs increase rapidly in the short run. Quite possibly adjustments can gradually be made to expand production in a more rational way—workers may obtain training, the organization may adapt itself to larger dimensions. But such adjustments take time. Unless we assume that most firms produce at less than capacity under full employment it is difficult to see how increases of unit costs can be avoided whenever accidental increases of demand require a rapid expansion in certain branches of industry.

It is thus likely that random fluctuations of demand will cause increases of unit costs and thus of prices. True, such increases will be

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temporary. Long-run costs will be lower. Technological progress will reduce unit costs. After a while, prices might be lower than they were before the incident.

Suppose, however, that while this price increase has occurred in a particular industry, the union succeeds in obtaining a wage increase. Then the price increase is no longer temporary. The cost-price structure in that particular industry has undergone a long-run change. This will not only by itself affect the whole price-level, it will also tend to influence wage-price relationships elsewhere.

Each event of this sort contributes its small share toward raising the cost-of-living for all other workers and acts as a stimulus for these to raise their wage demands. At the same time the wage advances of one group tend to spread. The success of one union sets the pattern for other unions.

A decline of effective demand, on the other hand, would threaten to start a wave of deflation. As long as full employment has not come to be considered a guaranteed and permanent feature of our economy, any falling off in demand will be considered a harbinger of a general decline of business, after the pattern of the traditional cycles. Even more will this be so in the infancy of a full employment policy and after the somewhat rough treatment of the Full Employment Bill at the hands of Congress. For there are good reasons to doubt whether the will really exists to take effective measures to stop the downward trend in time before it develops into a full-fledged depression.

Even more grave is the danger that we shall be misled, by propaganda, intellectual laziness or tradition, into looking for scapegoats rather than for the roots of our troubles. So far the instability of full employment has shown itself mainly in repeated attacks of inflationary fever. Instead of recognizing that inflation is a danger inherent in full employment under our existing social and political system, we shall probably distribute the blame according to our interests, traditions, and prejudices among various social groups.

The issue is rather that of the structural changes which full employment will compel us to introduce if we wish to retain a higher degree of stability. We must begin to recognize that a society of long-run peace-time full employment is not simply the equivalent of our traditional institutions with full employment attached (or minus more or less permanent mass unemployment) but rather is something new and different. Only if we admit this, can we hope to have full employment and retain the essence of our social and political freedom.

TAXATION AND RATIONING

It is not difficult to think of a number of emergency measures to overcome the present and most pressing troubles.

War-time experience has taught us that no single measure would be sufficient. What is needed is a combination of taxation and rationing. Taxation can be used to remove the over-all excess of demand over supply by reducing net incomes. Rationing serves to wipe out those specific disparities between demand and supply for particular goods and services that still remain, after the over-all excess has been eliminated. Appeals to voluntary savings may take the place of taxation to a certain extent. There is always a danger, on the other hand, that savings will be drawn upon to make up for an exaggerated reduction of incomes by taxation. Since, however, the present over-all excess of demand over supply is not likely to be anywhere near the amounts of the war years, the threat of savings interfering with the program of curtailing expenditures is probably not very great. Thus all the measures enumerated can be applied in relatively small doses.

We might willingly submit to rationing, heavy taxation, and perhaps price controls to protect us and Europe from paralysis and civil war. But are we ready to accept a system comparable to that of the war-controls as stock in trade of peace-time full employment? If it is correct, as we have asserted, that long-run full employment in peace-time is innately unstable, then the need for containing the inflationary dangers which it entails will arise again and again, often quite suddenly. Will our legislative and administrative machinery be prompt enough to cope with these threats to our economic stability? Shall we use controls in peace-time which many Americans believe will prepare the ground for totalitarianism?

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Full employment in peace-time on a permanent basis—as a temporary phenomenon of the business cycle it has existed at all times—involves, I repeat, a far-reaching change of our social and economic system. We should not be surprised, then, if it requires new political organizations for its effective administration. No one, I believe, can predict the details of such a re-organization, but the basic problems with which it must be equipped to deal can be pointed out so that certain conclusions may be drawn.

Inflation and deflation do not simply happen. They are the result of millions of business decisions taken all over the country by people—to quote Alfred Marshall—engaged "in the ordinary business of life." Some decisions are of key importance. They give direction and set the pace. Such decisions are—among others—those regarding the wage level in the major industries.

There is no need in the regular course of affairs for society as a whole to interfere with the wage-bargain. But in the crucial situation in which some minor accident threatens to force the economy into the danger zone of inflation, such a collective need exists. For if we permit a new wage level to be established on the basis of this accidental and temporary (though recurrent) inflationary phase, then the whole wage and price structure will be raised. Competitive wage bidding, as we have seen, will transform what was a single case of overstepping the boundary into a general race for increased wages and prices.

The root of this danger lies in the fact that in the United States each union is free to set its own course. The A.F.L. does not intend to control the actions and policies of the national and international unions affiliated with it. The C.I.O. is more centralized than the older organization, but even within the C.I.O. no formal system of control over the wage policies of affiliated unions seems to exist.

It is questionable whether such autonomy will be compatible, in the long run, with successful full employment policies. We may reach the point, perhaps sooner than it may seem at this moment, at which the unions will be confronted with the choice between the preservation of their time-honored autonomy and continued peace-time full employment.

Some of the old glory of union independence seems to have passed away in any case, when wage-patterns were established during the war by the wage-agreements concluded in particular industries such as steel, automobile, and coal mining. If such patterns were to be established, not by leading unions, but by the consensus of the trade union centers on one hand, and employer's organizations on the other hand, such a step might be considered democratic progress rather than authoritarianism. Although such a step in the direction of centralization might come at first as a shock to many Americans, it might be worth keeping in mind that the Scandinavian trade unions whose democratic convictions have rarely been questioned have long established such a centralized structure. Some of them would probably regard our American system of full union autonomy as anarchy rather than democratic freedom.

The central union organizations will be less eager than individual unions or locals to take advantage of momentary opportunities to raise wage rates. For the General Council of the A.F.L. or the C.I.O.—or better still of a united American labor movement—will represent not only the beneficiaries of the increase, but also some of those who would have to pay for it, once the temporary cause for the price rise had passed.

This would not compel the A.F.L. or the C.I.O. to maintain once and for all the same wage relationships among occupations and various jobs within them. Ample elasticity could be provided for, just as it is now within unions. But general wage increases for a class of workers should not and might not be made dependent upon accidental and temporary variations of demand.

This would imply that employees in such industries would make temporary extra-profits. But the way to take care of them is in part through taxes, in part through similar voluntary discipline which would have to be established in the organizations of industry. It is this, far more than the centralization of the trade union structure, which runs counter to cherished American traditions and beliefs. For we will be heading for what some might describe as a preface to a cartel system in the United States.

I believe that this is not the real danger in-

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volved in these proposals. The main issue will appear perhaps more clearly when we proceed to discuss the steps to be taken to cope with the problem of deflation.

Wage policies will continue to be decided by the collective bargaining process between the central organizations of the workers and of the employers. They will set a framework into which individual unions and employers will fit their particular agreements. Together with these groups, the Treasury and the Federal Reserve System (one because of its power of spending, the other because of the regulation of interest rates) will consult on the measures to be taken to avert a deflation.

This illuminates the kind of objection which might be raised against a plan propounded along these lines. The set-up outlined above has some of the appearances of a corporate state with organized labor, organized industry and the government negotiating like great powers of equal rank. There are plenty of signs in the wind that this is more or less what we are heading for and it may well be the most democratic set-up available under long-run peace-time full employment. It may be described as functional democracy and we may come to accept it as such. But most likely it shall have to grow on us. As a plan, outlined in black and white, it would probably frighten the majority of Americans, until they will realize that such self-discipline through voluntary organizations is the only alternative to controls and regulations imposed from above.

Pending this realization and rejecting the kind of emergency controls to which we resigned ourselves during the war, we may find a solution in what may be called a counsel of imperfection.

Full employment is after all a concept lacking a precise meaning. It is, perhaps, this very fact which explains a good deal of its popularity. If it is admitted that the troubles of full employment increase in something like geometric progression when unemployment decreases, we may perhaps temporarily accept less than the ideal. We may have to resign ourselves to that volume of unemployment as a long-run goal, which gives our economy sufficient elasticity to resist the major inflationary and deflationary pressures.

How much unemployment this means in actual figures is difficult to judge. In a highly dynamic economy such as the American, unemployment of about 2.5 million is probably the minimum to provide us with safety.

Since this will be unemployment created and maintained in the interests of all those groups that are interested in erecting a dam against inflation, it is only fair and proper that society do its best to alleviate the fate of those thus sacrificed on the altar of collective interests. In particular, measures might be taken to arrange for a personnel turnover among the unemployed. They might be given opportunities for training and preparation for better jobs. But they must remain a reserve on the labor market available at all times for the expansion of production should such become necessary to prevent inflation.

Another redeeming feature of this cruel solution is that the volume of unemployment can be reduced in steps with the growth of self-discipline among industry and workers.

Perhaps the best aspect of this method is that its mere realization may hasten the day when the threat of unemployment will no longer be the weapon needed to prevent a full employment economy from running amuck.

(Continued from page 161)

of view. Both are methods of maintaining present advantages by maintaining present prices.

In as simple terms as it can be put, all production is for consumption. When a new machine is built, the ultimate object of the purchaser or builder of the machine is to make goods with the machine which somebody will use. There is one further point. No one ever bought or built a machine because he thought that it would cost more to make goods with the machine than it would cost to make them without it.

Given these facts, the natural assumption would be that as the world has produced more and more machines and more and more goods, prices must automatically have come down. Everyday experience since the end of the war shows how fallacious this has been in terms of day to day prices. But it is also true if you go back to 1912, a year of relative depression before World War I, or to 1929, a year of

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inflation after it. And it is even truer if you go back to 1855, before the Civil War and to 1865, after it.

If we try to interpret this in terms of "practical" economics, what has happened is that all measurement is measurement after the fact. Men have been laid off after they have filled the last order. So they set out to spread the work, first by destroying machines, then by what we call "feather-bedding" today and, whenever possible, they try to have their restrictive practises sanctioned by law. This comes down to the right to organize to control their wages and conditions of employment.

At the same time, other men are learning that the invention of a machine may put them out of business, incidentally throwing a lot of men out of work. Better communications, combined with a varying wage scale may give one section of the country a competitive advantage over another. This, too, may result in lower prices which in turn may put men out of business and take jobs from one locality to another. And some men may just be better managers than others and this, too, may result in disaster for the inefficient. They then form trade associations to care for their interests. They also want their practises sanctioned by law—freeing industry from the Sherman Anti-Trust Act, for instance.

The net result is that no matter how much production has been increased, prices have gone up. It is true that this is an over-simplification because the whole cost of government, for instance, must come out of production and thus taxes are added to the cost of goods. But that is another story.

This, of course, does not alter the fact that more goods are produced and the standard of living of the community has been increased by machinery. We are all consumers as well as producers. It is obviously to the interest of all consumers that all prices should come down and equally obvious to the interest of all producers that the prices of the particular goods they make should remain the same or go up if possible. It is easiest for workers to get higher dollar wages while prices are going up. But "real wages" go up when the wage any man gets will buy more goods.

In addition, in terms of "classical" economics, wages are a claim on goods, any man's share of the value he adds to the goods he produces or the equivalent in some other goods. This, of course, is simply another way of saying real wages go up when wages remain the same and prices come down. And, I think, it is another way of saying that, when either wages or prices are out of balance, when one man's share, or one industry's share is greater than the value it adds, sooner or later that particular product will be priced so high that men working in other industries will not be able to buy it.

BASIC DIFFICULTY

No planner or group of planners can have access to enough information to be able to foresee or correct this imbalance from the standpoint of the group as a whole. For example, the Interstate Commerce Commission has protected the interests of the railroads by forcing the truck industry to post prices which protect the railroads and make the right to operate a truck in interstate commerce a valuable one.

Permitting trucks to compete might, and probably would, force a complete refinancing of the railroads. This in turn would affect banks and insurance companies and other holders of railroad securities. The various efforts to protect all these interests have resulted in higher fares and higher real freight rates.

It is relatively easy to see in the automobile industry still another phase of the difficulty of planning which can result in imbalance between wages and prices. Suppose that in 1940 a Ford, Plymouth, or Chevrolet sold for about $800 and that average factory wages were, as they were reported by the Bureau of Labor Statistics, $.655 per hour. Suppose that in 1946 the automobiles sold on a used car lot for about $2,000 and that average factory wages were $1.12 per hour. Obviously it took more work for an "average" factory worker to buy an automobile in 1946 and sooner or later this must reflect in lay-offs in the automobile industry.

Of course, it is true that the world got along for a good many years without automobiles at all and it is also true that one of the reasons the steel industry is short of steel is that the automobile industry would like to make 6 million cars instead of 5 million. So the steel industry must face the fact that auto-

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mobiles can be made faster than they wear out. The war proved that automobiles could be run longer than they had been.

If the steel industry could and would supply the automobile industry with enough steel to make 7,000,000 cars per year and the cars had an average life of seven years, we should have 42 million cars instead of about 30 million in 7 years.

Could the automobile industry sell them? If it could not, how could it pay a guaranteed annual wage such as the C.I.O. advocates? This, of course, brings in foreign trade since the industry could sell 7,000,000 cars if every Chinese family could buy one. Like the costs of government, it is another story—but certainly if there is any justification for a minimum wage in the United States as a means of preventing underpaid workers from being exploited, the reason does not stop where the territories of the United States stop. If we expect a Chinaman to buy an automobile, his minimum wage and ours must approximate each other. Otherwise he can't trade his labor for an automobile.

Anyone can use such figures as these to make over-all plans look impossible. Another instance—could the world supply 42 million automobiles with gasoline? Might the need for gas develop the use of synthetics and so cause more men to be employed in providing gas, which in turn would create a demand for the 42 million cars? Suppose all this were true, what would happen to the whole set-up if the airplane supplanted the automobile as the automobile supplanted the horse?

It is just as easy to say that men cannot possibly make sensible plans on this scale as it is easy to say that it is impossible to believe that we shall not be better off by planning what we are doing. To return to practical economics for a minute, trade associations and trade unions should, of course, plan as best they can. Government economists, however, should be concerned with consumers, since producers already have the ablest experts available, and not with arbitration between special interest groups who often find the easiest solution of their problem to be a solution based on higher prices for everyone else.

Professor Sturmthal's approach is perfectly clear. He says: "In a highly dynamic economy such as the American, unemployment of about 2.5 million is probably the minimum to provide us with a safety margin against accidents.

"Since this will be unemployment created and maintained in the interest of all those groups that are interested in erecting a dam against inflation, it is only fair and proper that society do its best to alleviate the fate of those thus sacrificed on the altar of collective interests."

To apply the test of practicality to Professor Sturmthal's statements, he seems to be saying that the planners have succeeded in establishing an economy that will work with about four per cent of the employable people unemployed, and that this is good enough so that the economy should be willing to accept it.

There are several objections to this. The facts seem to be that it is almost impossible to get a usable census of the unemployed. In the depths of the depression, when the number of the unemployed was a vitally important question, there were four fairly well recognized sources for this material: the Bureau of the Census which attempted to count the unemployed in the regular census of 1930, the National Industrial Conference Board, the A.F.L., and the C.I.O.

Aside from the fact that they all had particular axes to grind, and the figures of any one might, therefore, be suspect, it is almost impossible to define an unemployed person for any practical use. The Census counted as unemployed any man out of work the day before the Census taker found him. He must be able and looking for work. He must have been employed and he must not be simply "laid off."

This, among other things, means that any school or college graduate who is looking for a job, but has never had one is not counted. Neither is the wife of a man thrown out of work, if as the result of his loss of a job, she is on the labor market for the first time.

This difficulty of definition alone may account for the fact that the census takers above varied by as much as 100 per cent. Robert Nathan, of the Department of Commerce, estimated that the Census Bureau figure of 2,429,000 would have to be increased to about 4,500,000 to give a reasonably accurate total. No industry economist can make any industry

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prediction whatever on such loose figures.

Moreover with 60,000,000 employed, the 2.5 million unemployed who "are thus sacrificed on the altar of collective interest" are actually four per cent. This would seem to mean that any high school student in an all male class of 200 can expect to support not only his wife and children but his share of eight of his classmates.

Not only is it difficult to define "unemployed," it is also difficult to define "gainfully employed." The 60,000,000 include all the armed services, all the veterans in school and training on government benefits, and numerous groups who are not productively employed but whose wages are, nevertheless, a claim on the annual product of society. The service industries have grown with the use of machinery. But this does not mean that a man engaged in production is really interested in seeing that Mr. Petrillo, for instance, can by feather-bedding, keep more musicians employed than society would pay for if it had its own choice. The wages of the service industries help bid up the price of beef, and their contribution is more difficult to appraise than that of steel or textiles.

In addition, all the base figures of the planners assume that invention will cease. Who can say what the effect of atomic fission will be on the coal industry, the steel industry, or transportation, just to point out one field where incalculable results may be expected?

It seems obvious then that no economist, or group of economists can ever control all the factors that influence production, particularly invention, so that any fixed ratio of employed to unemployed can be maintained. The only controls over our economy that can be maintained successfully are controls in the form of limitations on groups that are getting more than their share. The Sherman Anti-Trust Act is an example of a law that could be enforced.

Government economists should look askance at all their acts and interpretations which have resulted in their becoming special advocates of any pressure group. They can count on the groups to find adequate advocates without any help from agencies which are primarily concerned with the public interest.

Let's not have critics of capitalism talking it down when it's the only system in the world which enables a man to win $525 on the radio by identifying the language, starting with "E," which is spoken in England.

—Bill Vaughn, *Kansas City Star*

"So," sobbed Ilma Kropotkin Vasilenconvitchsky, "Ivan Ninesporsky died in battle. Did he really whisper my name as he passed on?"

"He did his best, lady," was the reply, "he did his best."

—*Army and Navy Journal*

The husband had returned home later than usual and his wife had gone to bed. He entered the room with a paper bag in his hand and said in as cheerful a voice as he could muster: "Hello, dear. I've brought home some chestnuts."

"Go on," she replied wearily, "I'm listening."

Lord Albermarle's confectioner once produced a masterpiece 18 feet high. Overcome with joy at his triumph, he hurried to tell his employer about it.

"But how can you get it into the dining room?" Lord Albermarle asked.

"Such a question!" the confectioner groaned. "Demolish the ceiling, of course!"

—*Gourmet*

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Russia Replies

ON January 21, the Voice of the United States of America broadcast the secret contents of captured German Foreign Office documents revealing the course of Nazi-Soviet relations from 1939-1941. This was the first attempt of the United States to "beat Russia to the punch" in the War of Words. Previous efforts on our part to answer Soviet charges of imperialism, warmongering, and general sabotaging of the peace had been confined to speeches by our United Nations delegates and by Secretary of State Marshall.

On February 10, the Soviet Information Bureau answered our opening salvo with charges of "you're another." Protesting the unilateral publication of captured documents, the Soviets promised that documents were being prepared for publication which would "help present a true picture of how Hitler's aggression and the second World War were in reality prepared and developed."

FORUM presents below the United Press report of the Soviet broadcast as it appeared in *The New York Times* on February 11.

FALSIFIERS OF HISTORY

At the end of January, the State Department of the United States, in collaboration with the British and French Foreign Offices, published a collection of reports and various records from the diaries of Hitlerite diplomatic officials under the mysterious title "Nazi-Soviet Relations."

As evident from the preface of this collection, as far back as the summer of 1946 the governments of the United States, Britain, and France already had agreed to publish the archive materials of the German Foreign Office for 1918-1945 captured in Germany by American and British military authorities.

Noteworthy in this connection is the fact the published collection contains only materials relating to the period 1939 to 1941, while materials relating to preceding years and in particular the Munich period are not included by the State Department in the collection, and this has been concealed from the world's public opinion.

This action certainly is not accidental, but pursues aims that have nothing to do with objective and honest treatment of historical truth.

In order to justify in some way before world public opinion the unilateral publication of this collection of unverified and arbitrarily picked out records made by Hitlerite officials, the British and American press fabricated and circulated an explanation, according to which "the Russians rejected a proposal from the West to publish jointly a full account of Nazi diplomacy." This statement from Anglo-American circles does not correspond with the facts.

In connection with reports that appeared in the foreign press in the summer of 1945 to the effect that preparations for the publication of documents captured in Germany had been initiated in Britain, the Soviet government approached the government of Great Britain, insisting on the participation of Soviet experts in a joint study of German documents captured by Anglo-American troops.

The Soviet government held the publication of such documents without common consent was inadmissible and at the same time it could not assume the responsibility for publication of the documents without careful and objective verification, for unless these elementary conditions were observed the publication of said materials could only lead to worsening relations between member states of the anti-Hitlerite coalition. The British Foreign Office, however, declined the Soviet proposal on the grounds that the Soviet government prematurely had raised the question of exchanging copies of captured Hitlerite documents.

It is also well known that on September 6, 1945, the American delegation to the political directorate of the Control Council of Germany submitted its draft directive on handling German archives and documents.

This draft provided for the institution of uniform procedure for the whole of Germany

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for collecting and keeping archives and gave the right of access of them to representatives of member states of the United Nations. It also provided for the possibility of copying documents and publishing those copies.

This proposal was examined at four meetings of the political directorate, but further examination was postponed at the request of the British and Americans on the plea that they had no instructions; subsequently after the American representative had stated that the Government of the United States was preparing a new proposal and requested that the submitted draft be invalidated, this question was withdrawn from the agenda of the political directorate. Thus the allegation that the Soviet government refused to take part in preparing the publication of German archive materials is false.

SLANDER CAMPAIGN

Simultaneously with the publication of the above-mentioned collection, a fresh campaign of unrestrained baiting and slander, as if at the wave of a magic wand, swept the United States and the countries dependent on it in connection with the non-aggression pact concluded between the U.S.S.R. and Germany in 1939 and allegedly directed against the Western powers. Thus, the true purpose for which the collection of documents on relations between the U.S.S.R. and Germany in the period of 1930 to 1941 was published in the United States evokes no doubt whatever.

This was not done for the purpose of giving an objective picture from the position of historical developments, but in order to present a distorted picture of events, heap lies on the Soviet Union, slander it and undermine the international influence of the Soviet Union as a truly democratic and staunch fighter against aggressive and anti-democratic forces.

This treacherous attitude is in conformity with the views on the character of inter-Allied relations that are typical of the ruling circles of Anglo-American countries and the substance of which is that instead of honest and sincere relations between allies, instead of mutual confidence and support, there is being pursued a policy of using every means known to slander for the purpose of weakening one's ally, of exploiting him in one's own narrow interests and strengthening one's own position at the expense of that ally.

One should not, moreover, lose sight of the efforts being made by ruling circles in the United States to undermine by means of their campaign of slander against the U.S.S.R. the influence of progressive elements in their own country who advocate better relations with the U.S.S.R. The attack on progressive elements in the United States is undoubtedly aimed at undermining their influence in view of the Presidential elections to be held in the autumn of 1948. The collection is full of documents concocted by Hitlerite diplomatic officials in the depths of the German diplomatic offices. This fact alone should serve as a warning against unilateral use and publication of the documents, which are one-sided and tendentious, giving an account of events from the standpoint of the Hitler government, and which are intended to present these events in the light that would be favorable. . . .

Precisely for this reason the Soviet government has been opposed to unilateral publication of the captured German documents without preliminary, thorough, and joint verification of them. Even the French government News Agency *France Presse* found itself compelled to admit that the procedure of publication of materials published by the three governments without the knowledge of the Soviet Union "is not quite in accord with normal diplomatic procedure."

Nonetheless the British government did not agree with this. The American, British, and French governments have unilaterally published the German documents without hesitating to falsify history in their attempt to slander the Soviet Union, which bore the brunt of the struggle against Hitlerite aggression.

In view of this, the Soviet government on its part feels itself entitled to make public secret documents concerning relations between Hitler Germany and the governments of Great Britain, the United States, and France that fell into the hands of the Soviet government and that the above three governments concealed from public opinion. They concealed these documents; they did not want to make them public.

But we believe that after all that has taken

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place these documents must be made public so the historical truth can be established.

The Soviet government possesses important documents that were captured by Soviet troops during the smash-up of Hitler's Germany; the publication of these documents will help present a true picture of how Hitler's aggression and the second World War were in reality prepared and developed. The same purpose is also served by the historical note "Falsifiers of History," now being published by the Soviet Information Bureau under control of the Council of Ministers of the U.S.S.R. Secret documents pertaining to this subject will be published shortly.

RESTORATION OF GERMAN INDUSTRY

American fakers and their British and French associates are trying to create the impression that the preparations for German aggression which developed into the second World War were begun in the autumn of 1939. Yet who can swallow this bait nowadays but an absolutely naive people prepared to believe any sensational fabrications? Who does not know that Germany began preparing for war immediately after Hitler came to power? Who does not know, moreover, that the Hitler regime was established by German monopoly circles with the full approval of the ruling camp in Britain, France and the United States?

In order to prepare for war and provide herself with the most modern armament, Germany had to restore and develop her heavy industry, and first of all the iron and steel and war industries of the Ruhr. Having sustained defeat in the first imperialist war, Germany, then under the yoke of the Versailles Treaty, could not do this with her own forces in a short period of time. German imperialism was rendered powerful support in this matter by the United States of America.

Who does not know that in the post-Versailles period American banks and trusts, acting in full accord with the government, made investments in German economy and granted German credits running into thousands of millions of dollars, which were spent on reconstruction and development of the war industrial potential of Germany?

It is known that the post-Versailles period was marked for Germany by a whole system of measures directed toward reconstruction of German heavy industry and in particular of the German war-industrial potential. Of tremendous importance in this respect was the so-called Dawes Reparations Plan for Germany, by means of which the United States and Britain planned to render German industry dependent upon American and British monopolies. The Dawes Plan cleared the road for the heavy influx and infiltration of foreign, and chiefly American, capital into German industry.

ECONOMIC GAINS

As a result of this, the rise in German economy caused by the intensive process of re-equipment of production machinery began in 1925. At the same time German exports rose sharply and by 1927 had reached the level of 1913, while in the case of manufactured goods they even surpassed that level by 12 per cent (in the prices of 1913).

During the six years from 1924 up to 1929 the influx of foreign capital into Germany totaled more than 10,000,000,000 to 15,000,000,000 *Reichsmarks* for short-term investments. According to some sources, the volume of capital investments was considerably higher. This led to a colossal growth of the economic and in particular the war potential of Germany.

A leading part in this matter was played by American capital investments, which amounted to no less than 70 per cent of the total long-term loans. Well known is the role played by American monopolies headed by the du Pont, Morgan, Rockefeller, and Lamont families and other industrial barons of the United States in financing German heavy industry and in establishing and expanding the exceedingly close connections between American and German industries. Leading American monopolies proved to be most closely connected with German heavy industry, war industry concerns, and banks.

The leading American Chemical concern du Pont de Nemours, and the British Imperial Chemical trust (Imperial Chemical Industries), which is one of the biggest shareholders of the General Motors automobile trust,

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maintained close industrial relations with the German chemical concern I. G. Farbenindustrie, with which in 1926 they concluded a cartel agreement for division of the world powder market. The pre-war chairman of the board of directors of Rohm and Haas Company, Philadelphia (United States), was the partner of the head of the same company in Darmstadt (Germany). Incidentally, at present a former director of this concern, Rudolf Mueller, is active in "Bizonia" and plays an important part among leaders of the Christian Democratic Union.

Schmitz, German capitalist, president of I. G. Farbenindustrie and member of the board of the *Deutsche Bank,* controlled the General Dyestuffs Corporation, an American firm, during the period of 1931 to 1939.

After the Munich conference (1938), the American Standard Oil Trust signed a contract with I. G. Farbenindustrie under which the latter was given a share in profits from the production of aviation petrol in the United States and in return willingly ceased exporting from Germany the synthetic petrol that it was producing and that Germany was storing up for war needs.

Such a connection was not typical of American capitalist monopolies alone. Thus extremely close economic relations, not only of commercial but also of military importance, existed on the very eve of the war, between the Federation of British Industries and the German Reichsindustrie group.

In 1939 representatives of these two monopolies issued a joint statement in Duesseldorf that said, in part, that the purpose of the agreement was to "secure the fullest possible cooperation between the industrial systems of their respective countries." And this took place at a time when Hitler Germany had swallowed Czechoslovakia.

No wonder the London magazine *Economist* wrote in this connection, "Is not there something in the Duesseldorf air that makes reasonable men lose their senses?"

The well-known Schroeder Bank, wherein the leading part was played by the German steel trust, *Vereinigte Stahlwerke,* which was organized by Stinnes, Thyssen, and other captains of Ruhr industry and had headquarters in New York and London, furnishes a typical example of the close interweaving of American and German, as well as British capital. Allen Dulles, director of the J. Henry Schroeder interests in London, Cologne, and Hamburg, played a leading role in the affairs of this bank.

The well-known Sullivan and Cromwell law firm, headed by John Foster Dulles, now Mr. Marshall's chief adviser and closely connected with Rockefeller's world oil trust, Standard Oil, as well as with the Chase National Bank —the most powerful bank in America, which made enormous investments in German industry—played a leading role in New York headquarters of the Schroeder Bank.

LOANS TO GERMANY

Richard Sasuly, in his book that appeared in New York in 1947, stresses the fact that no sooner had inflation been checked in Germany in the post-Versailles period and the *Reichsmark* gained strength, than a torrent of foreign loans rushed into Germany. Between 1924 and 1930, the Germans' foreign debt increased by over 30,000,000,000 *Reichsmarks.* With the help of foreign—chiefly American—capital, German industry, especially *Vereinigte Stahlwerke,* extensively reconstructed and modernized.

Some of the loans were granted directly to a company that played a leading part in rearmament. Dillon, Read and Company, one of the biggest New York banks, of which James Forrestal, the present Secretary of Defense, was a director for a number of years, played a leading part in financing the German steel trust, *Vereinigte Stahlwerke,* in that period, along with the Anglo-American Schroeder Bank.

It was this golden rain of American dollars that fertilized the heavy industry of Hitler Germany, and in particular, her war industry. It was thousands of millions of American dollars invested by overseas monopolies in the war economy of Hitler Germany that re-established Germany's war potential and placed in the hands of the Hitler regime the weapons it needed for carrying out its aggression.

Relying on financial support that came chiefly from American monopolies, Germany, within a short period of time, re-established a powerful war industry that was capable of pro-

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ducing enormous amounts of first-rate armament, thousands upon thousands of tanks, planes, and guns, as well as warships of latest designs and armament of other kinds.

The falsifiers of history would like to forget all this, as they are trying to evade the responsibility for their policy, which supplied Hitler aggression with the arms unleashed in the second World War and led to a war disaster, without parallel in history, that cost mankind millions upon millions of victims.

Thus, it must not be forgotten that the first and foremost prerequisite of Hitler aggression was provided by a resurgence and modernization of Germany's heavy industry and war industry and that this became possible only as a result of direct and extensive financial support rendered by the ruling circles of the United States.

And yet this is not all. Another factor of decisive importance that helped unleash Hitler aggression was the policy of the ruling circles of Britain and France, which was known as the policy of "appeasing" Hitler Germany, a policy of renouncing collective security.

It should now be clear to everyone that it was this policy of the French and British ruling circles, as expressed in their renunciation of collective security, in their refusal to resist German aggression, in their connivance with Hitler Germany's aggressive demands, that led to the second World War.

APPEASEMENT

Let us turn to the facts.

In 1933, soon after Hitler came to power, a "pact of accord and cooperation" was signed in Rome by four powers—Britain, France, Germany and Italy—through the efforts of the British and French governments. This pact signified that the British and French governments (would) come to terms with German and Italian fascism, which even at that time did not try to conceal its aggressive intentions. At the same time, this pact with the Fascist states signified renunciation of a policy of strengthening the united front of peace-loving powers against aggressive states. By coming to terms with Germany and Italy, behind the backs of other powers, who were taking part in the disarmament conference that was being held at that time, which was discussing a Soviet proposal for conclusion of a non-aggression pact and of a pact on the definition of aggression, Britain and France dealt a blow to the cause of peace and the security of nations.

Soon after, in 1934, Britain and France helped Hitler take advantage of the inimical attitude of their ally, Poland—ruled by her gentry—towards the U.S.S.R., and this resulted in the conclusion of a non-aggression pact between Germany and Poland, which formed one of the most important stages in the preparation of German aggression.

Hitler needed this pact for the purpose of disorganizing the ranks of the adherents to collective security, and to show by this example what Europe needed was not collective security but bilateral agreements. This enabled the German aggressor to decide for himself with whom to conclude agreements and then to conclude them, whom to attack and when to do so. Beyond any doubt, the German-Polish pact constituted the first serious breach in the edifice of collective security.

Hitler grew bold and openly took a series of steps to re-establish Germany's armed forces, without encountering any opposition on the part of the rulers of Britain and France. On the contrary, soon after that in 1935, a naval agreement between Britain and Germany was concluded in London, where [Nazi Foreign Minister Joachim von] Ribbentrop had arrived for this purpose.

Under this agreement, Britain consented to the re-establishment of German naval forces in a strength that nearly equalled that of the French Navy. Moreover, Hitler obtained the right to build submarines with an aggregate displacement of 45 per cent of the British submarine fleet.

During the same period, Hitler Germany also undertook unilateral actions aimed at abolishing all other restrictions on the growth of Germany's armed forces that had been imposed by the Treaty of Versailles. These actions encountered no opposition from Britain, France, or the United States.

This appetite of the fascist aggressors grew every day with the manifest connivance of the United States, Britain, and France. It was certainly no accident that at the time both

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Germany and Italy easily got away with their armed interventions in Ethiopia and Spain.

ETHIOPIAN WAR

The Soviet Union alone consistently and firmly pursued its policy of peace, championing the principles of equality and independence for Ethiopia, who moreover was a member of the League of Nations, and the right of the lawful Republican government of Spain to receive support from democratic countries against German and Italian intervention.

"The Soviet Union," said V. M. Molotov at the session of the Central Executive Committee of the U.S.S.R., January 10, 1936, in connection with Italy's attack on Ethiopia, "demonstrated in the League of Nations its fidelity to this principle—the principle of political independence and national equality for all states—in the case of one of the small countries—Abyssinia. The Soviet Union has also taken advantage of its membership of the League of Nations to put into practice its policy toward an imperialist aggressor."

Molotov said at the time, "the Italian-Abyssinian war shows the threat of a world war is growing and steadily spreading over Europe."

And what, at the time, were the governments of the United States, Britain and France doing, under whose eyes Fascist bandits were dealing ever more insolently with their victims? They did not so much as lift a finger to curb German and Italian aggressors, to defend the rights of nations that were being trampled upon, to preserve peace and to stop the approaching second world war.

The Soviet Union alone was doing everything possible in order to block the Fascist aggressors' way. The Soviet Union came forward as the initiator and champion of collective security. As early as February 6, 1933, [Maxim] Litvinov, representative of the Soviet Union in the General Commission on Disarmament, proposed that the Commission adopt a declaration of definition of aggression and an aggressor.

In proposing the definition of aggression, the Soviet Union held it necessary, in the interests of the general security and in order to facilitate an agreement of a maximum reduction of armaments, to define the term "aggression" with the utmost possible precision in order to "forestall every pretext for its justification." This proposal, however, was declined by the conference, acting under the direction of Britain and France for the benefit of German aggression.

Everybody knows what a persistent and prolonged struggle was waged by the Soviet Union and by its delegation to the League of Nations, headed by Litvinov, to maintain and consolidate collective security. Throughout the whole pre-war period, the Soviet delegation upheld the principle of collective security in the League of Nations, raising its voice in defense of this principle at practically every session of the League of Nations, in practically every commission of the League of Nations. It is known, however, that the voice of the Soviet delegation remained a voice in the wilderness.

The whole world is familiar with the proposals made by the Soviet delegation concerning measures for the strengthening of collective security—proposals that, on the instructions of the Soviet government, were addressed to M. Avenol, Secretary General of the League of Nations, August 30, 1936, with the request that they should be discussed by the League of Nations.

It is also known, however, that these proposals were buried in the archives of the League of Nations and no action was taken on them. It is clear that Britain and France, who controlled the League of Nations at the time, rejected collective resistance to German aggression. They rejected collective security because it stood in the way of their newly adopted policy of "appeasement" of German aggression, the policy of concessions to Hitler aggressions.

Naturally, this policy could not but result in an intensification of German aggression. But the ruling Anglo-French circles believed that this was not dangerous because, having satisfied Hitler aggression by a concession in the West, they could then direct this aggression to the East and utilize it as a weapon against the U.S.S.R.

In his report to the eighteenth congress of the Communist party of the Soviet Union in March, 1939, J. V. Stalin, explaining the reasons for the growth of Hitlerite aggression, said:

"The chief reason is that the majority of

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the non-aggressive countries, particularly, Britain and France, have rejected the policy of collective security, the policy of collective resistance to aggressors, and have taken up a position of neutrality."

In order to confuse the reader and at the same time to slander the Soviet government, Neal Stanford, American journalist, asserts that the Soviet government was opposed to collective security, that Litvinov was dismissed and replaced by Molotov in the post of People's Commissar for Foreign Affairs because he had been pursuing the policy of consolidating collective security.

One could hardly imagine anything more stupid than this fantastic assertion. It is clear that Litvinov did not pursue any policy of his own, but the policy of the Soviet government. On the other hand, everybody knows what a struggle for collective security was waged by the Soviet government and by its representatives, including Litvinov, throughout the pre-war period.

As regards the appointment of Molotov to the post of People's Commissar for Foreign Affairs, it was perfectly clear that in the complex situation, when Fascist aggressors were preparing the second world war, when Britain and France backed by the United States were plainly abetting the aggressors and spurring them on to start a war against the U.S.S.R., it was necessary to have in such a responsible post as that of People's Commissar for Foreign Affairs a political leader with great experience and greater popularity in the country than Litvinov.

Rejection of the collective security past by the Western powers was not fortuitous. It was in that period that the struggle between two lines in world affairs had developed. One was that of the struggle for peace, for organization of collective security, and for resistance to aggression by the joint efforts of peace-loving nations. This was the line the Soviet Union was pursuing, consistently and staunchly defending the interests of all peace-loving nations, great and small. The other line was that of rejecting the organization of collective security, refusing to oppose aggression, and this inevitably encouraged the fascist countries to intensify their aggressive activity and thereby helped unleash a new war.

Historical truth, as can be seen from all this, consists in that Hitlerite aggression became possible, firstly, because the United States helped the Germans to establish within a short period of time a war-economic base of German aggression and thus provided this aggression with arms, and secondly, because rejection of collective security by the ruling Anglo-French circles disorganized the ranks of peace-loving countries, disrupted the united front of these countries against aggression, paved the road for German aggression, and helped Hitler unleash a second world war.

What would have happened if the United States had not financed Hitler Germany's heavy industry and if Britain and France had not rejected collective security, but on the contrary had organized jointly with the Soviet Union collective resistance to German aggression? The result would have been that Hitlerite aggression would have lacked armament; Hitler's annexationist policy would have been caught in a vise of collective security and a second World War would have been reduced to a minimum. And if, in spite of unfavorable conditions, the Hitlerites had still ventured to unleash a second World War, they would have been defeated the very first year of the War.

Unfortunately this did not happen because of the ruinous policy that was pursued by the United States, Britain, and France in the course of the whole pre-war period. It is they who are guilty of allowing the Hitlerites to unleash with some measure of success the second World War, which lasted nearly six years and took millions of human lives.

Americans we would like to meet—

Paul Afraid of Horses, William Voice, Richard Red Willow, John F. Compton, formerly John Crazy Bull, George Swift Bird, and William Burning Breast—Indians recently awarded patents by the government for land.

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CONGRESS DEBATES:

The St. Lawrence Seaway Project

THE St. Lawrence Seaway Project is the hardy perennial of congressional debate, rounding out its thirty-fourth year as a public issue in the Second Session of the Eightieth Congress. Its amazing vitality seems to lie in the fact that not only is the St. Lawrence one of our few remaining untapped natural resources, but it is also the key to the further development of such basic items of our economy as steel and agriculture. Although S. J. 111 was recommitted "for further study" by a vote of 57-30, time is obviously on the side of the Seaway.

Against the development of this great asset are arrayed all those who see in it a challenge to their dominion: the Association of American Railroads, the Brotherhood of Railway Trainmen, the utility interests in New York and New England, the ports of Boston, Baltimore, and New Orleans, John L. Lewis, the A.F.L., and the shipping interests.

Excerpts from the Senate debate[1] reprinted below are a classic illustration of the way our representative system can sometimes be torn between nationalism and sectionalism. Each proponent was, of course, thinking only of the good of the nation as a whole, and each opponent was, of course, thinking only of the good of his particular section of the nation. Senator Aiken of Vermont remarked, in the course of the debate: "I never in my life saw so many broadminded people in one spot as we find right here."

The debate crossed party lines and forced some senators, such as Mr. Saltonstall of Massachusetts, to split hairs. New England and New York pay approximately $400,000,000 more in utility rates per year than they would pay at T. V. A. rates. Mr. Saltonstall was thus for the power aspects of the project but against the navigation aspects.

The staunchest defenders of the project were the Middle Western senators, Mr. Wiley, of Wisconsin, taking the lead. Mr. Lodge, the Junior Senator from Massachusetts, spearheaded the opposition, backed by Mr. Overton, of Louisiana. Mr. Tydings, of Maryland, and Mr. O'Daniel, of Texas.

THE DEFENSE

The Senate resumed the consideration of the resolution (S. J. Res. 111) approving the agreement between the United States and Canada relating to the Great Lakes-St. Lawrence Basin with the exception of certain provisions thereof. . . .

Resolved, etc., That, as provided by article XIII of the Boundary Waters Treaty of 1909 between the United States and Great Britain, the agreement made by and between the Governments of the United States and Canada, dated March 19, 1941, published in House Document No. 153, Seventy-seventh Congress, first session, is hereby approved, with the exception of article VII, article VIII, paragraph (c), and article IX thereof, and the President is hereby authorized and empowered to fulfill the undertakings made on behalf of the United States in said agreement, with the exception of article VII, article VIII, paragraph (c), and article IX, upon the receipt by him of satisfactory evidence of the approval of said agreement with the exceptions provided above, by reciprocal or concurrent legislation of Canada: *Provided,* That the President, before said agreement enters into force, obtains satisfactory assurances, by exchange of notes or otherwise, that the Government of Canada agrees to the principle of making the new deep-water navigation works on the Great Lakes—St. Lawrence system herein authorized self-liquidating by charging reasonable tolls, this principle to be implemented through the conclusion of arrangements satisfactory to both Governments pursuant to section 3 of this joint resolution.

SEC. 2. It is the sense of the Congress that it would be desirable for the President to negotiate with Canada a treaty or treaties with reference to the matters provided for in articles VII and IX of the agreement of March 19, 1941, including

1 *Congressional Record, Senate,* Vol. 94, No. 15, pp. 531-543; No. 17, pp. 640-660; p. 697.

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provisions with respect to perpetual navigation rights on the Great Lakes, on the connecting channels and canals and in the wholly Canadian sections of the St. Lawrence River, and the provisions for the amendment of the Boundary Waters Treaty of 1909 with respect to diversion of waters at Niagara River; and to submit such treaty or treaties for the advice and consent of the Senate of the United States.

SEC. 3. (a) During the period of construction the President is authorized and directed to negotiate a further agreement with the Government of Canada, under the provisions of the Boundary Waters Treaty of 1909, defining the rates of charges or tolls to be levied for the use of the new deep-water navigation facilities on the St. Lawrence River, authorized in this joint resolution: *Provided,* That (1) the total charges shall be fair and equitable and shall give due consideration to encouragement of increased utilization of the navigation facilities, and to the special character of bulk agricultural, mineral, and other raw materials; (2) that tolls shall vary for ships in ballast and according to the character of cargo with the view that each classification of cargo will so far as practicable derive relative benefits from the use of these facilities; (3) that in no event shall the total charges exceed the equivalent of $1.25 per short ton of laden cargo, and may be less, depending on character of cargo; (4) that tolls may also be charged for passengers but that in no event shall the total charges exceed the equivalent of $1.50 per passenger; (5) that tolls shall apply only on traffic utilizing the new deep-water navigation works on the St. Lawrence River, with such exception of local or way or Government traffic as may be agreed upon by the two countries: *Provided further,* That such agreement shall become effective only after approval by the Congress of the United States and the Parliament of Canada.

(b) The President may, at his discretion, appoint a St. Lawrence Advisory Commission, to cooperate with similar representatives of the Government of Canada, for the purpose of studying and, after public hearings, making recommendations to their respective Governments on the administrative, technical, and economic aspects of a toll system on the proposed 27-foot St. Lawrence Canals, as a basis for the agreement on tolls proposed in this section.

SEC. 4. (a) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be required to carry out the provisions of this joint resolution and to enable the United States to carry out the undertakings hereby authorized.

(b) Unless Congress by law authorizes such action, no amendment of the agreement, and no exchange of notes under article I, section 4, thereof, shall impose additional financial or other obligations on the United States.

SEC. 5. The President is hereby authorized and directed to negotiate an arrangement with the government of the State of New York for the transfer to the appropriate agency of that State of the power facilities on the United States side of the International Rapids constructed pursuant to this joint resolution, the cost to be determined in accordance with the method of allocation included in the joint recommendation of the Corps of Engineers, United States Army, and the Power Authority of the State of New York, dated February 7, 1933, presented at public hearings of the Committee on Foreign Relations February 10, 1933, Seventy-second Congress, second session: *Provided,* That such arrangement is consistent with the laws of the United States and protects the interests of the United States and of other States: *And provided further,* That such arrangement will be effective only after approved by the Congress of the United States and the Legislature of the State of New York.

MR. WILEY, Republican, of Wisconsin. Mr. President, the purpose of Senate Joint Resolution 111 is to authorize the construction of the St. Lawrence seaway and power project. The reasons for the affirmative recommendation by an overwhelming majority of the Foreign Relations Committee are spread in the voluminous records of the committee, which held extensive hearings on this subject in 1933, 1946, and 1947.

Before this debate is concluded, the following facts will be amply proved:

First. The St. Lawrence seaway is a needed navigation facility which will relieve recurrent shortages of transportation and eliminate the economic wastage that results from the inability of the railroads to carry the peak traffic of the summer months.

Second. The St. Lawrence seaway will reduce transportation costs in an area which contains more than 50,000,000 people, an area which has become not only the arsenal of democracy for war but also the hope of the world in the revitalization of human and material welfare in food production and in manufactured and mineral products.

Third. The St. Lawrence power project, which is a by-product of this undertaking, will supply 2,200,000 horsepower of electricity to Canada and the United States in an area which has been suffering from the beginning of World War II with recurrent power shortages. This power is cheaper than any alternative source now available or hereafter to be available in the northeastern part of the United States.

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Fourth. The St. Lawrence project as herein presented will be an addition to our national defense potential by virtue of the additional and much-needed navigation and power facilities which it will make available for necessary industrial mobilization in a time of emergency.

Fifth. The St. Lawrence project will be self-liquidating, returning to the Government and the people, the taxpayers of this Nation, the capital investment and interest upon that investment, as well as all operating costs. It will be self-liquidating in its navigation aspects as well as in the sale of power.

Sixth. It will be amply demonstrated that the opposition to the St. Lawrence project seems mainly centered in certain small economic and financial groups in the East who seem anxious to maintain their hold on transportation from the Middle West to the seacoast and their hold upon the power supply for the northeastern area.

It will be demonstrated that no economic harm is actually threatened to those interests, but that their position seems motivated principally by their desire to maintain their hold upon the future growth of this whole territory.

The St. Lawrence project now before Congress has two purposes: First, it will make it possible for oceangoing, deep-draft vessels to travel directly from the Atlantic Ocean into the Great Lakes. It will make seaports of such great cities as Buffalo, Cleveland, Toledo, Detroit, Chicago, Milwaukee, and Duluth. It will bring the great agricultural and industrial productive capacity of the Middle West into direct communication by cheap water transportation with the rest of the world and with the Atlantic Gulf, and Pacific coasts of the United States.

As a navigation project, it is as important to our country as the Suez Canal is to Europe, as the Dardanelles is to Russia, as the Panama Canal is to the east and west coasts of the Western Hemisphere.

In building the necessary dams and canals on the St. Lawrence River, there will be a large by-product of cheap hydroelectric power in northern New York. The capacity of this single powerhouse will be 2,200,000 horsepower, the largest power capacity of a single project with the exception of Grand Coulee. This will be three times as large as the Dneiper Dam, the pride of Russia. The annual output of electricity will be larger than all the power produced by the Tennessee Valley Authority in 1944. It is cheap power, costing one and two-thirds mills per kilowatt-hour of average output at the station, one-quarter as expensive as the cheapest source of steam power in that area.

The power will be divided equally with Canada. The American share will be available for distribution as far south as New York City, and throughout the New England States. Cheap waterpower in that area of 20,000,000 people means lower monthly electric bills, more industries, more jobs, greater sales of electric appliances, more farms electrified.

PREVIOUS CONSTRUCTION

This is not a new project, but a bid for final completion of a waterway that has been in process of construction for 40 years. The Great Lakes now provide deep-water navigation throughout their length and breadth.

We start at Duluth and swing up to the Soo. I call attention to the fact that through the Soo locks in 1946 there were carried 120,000,000 tons of freight, most of it one way, and through the MacArthur Lock approximately 50,000,000 tons at the Soo alone.

The MacArthur Lock at the Soo, built by the Army engineers in 1943 as a war project, connects Lake Superior and Lake Huron. That part of the seaway, as originally proposed, is now completed.

Eight locks of the Welland Canal, completed by Canada in 1932, scale the difference in the levels of Lake Erie and Lake Ontario, 324 feet. Except for a little dredging operation, that part of the seaway is completed too, and deep-draft ships can now proceed from Duluth at the head of Lake Superior for 1,200 miles to Ogdensburg, New York, on the upper St. Lawrence River.

The eastern end of the St. Lawrence River is navigable for ocean ships for a thousand miles from the Atlantic Ocean to Montreal, Canada. This city, on the St. Lawrence River, is the second largest seaport in North America, next only to New York City.

We have, therefore, deep-sea navigation for a thousand miles inland from the Atlantic on the lower St. Lawrence River to Montreal.

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We have deep-sea navigation for 1,200 miles in the Great Lakes and the upper St. Lawrence to Ogdensburg, New York.

The only impediment that prevents through navigation is the presence of some rapids in the St. Lawrence River between Ogdensburg, on the upper St. Lawrence, and Montreal on the lower St. Lawrence. Over this distance of 119 miles, the water level drops some 223 feet in three series of rapids. The project now before Congress contemplates the construction of the necessary dams, canals, and locks by Canada and the United States to complete this work, with a huge by-product of cheap water power. We can join the Great Lakes and the Atlantic together for ocean navigation by helping to knock away the rocks in the St. Lawrence rapids through congressional approval of Senate Joint Resolution 111.

What will this work cost? Everyone is rightly interested in this subject and there is unfortunately much misrepresentation of the facts. Lt. Gen. R. A. Wheeler, Chief of the United States Army engineers, during his testimony before the subcommittee submitted a table showing the total cost of the St. Lawrence seaway and power project, and the cost to complete the project, based on May, 1947, price levels. The subcommittee accepted the Army engineers basic cost figures as they relate to the United States portion of the works. It has, however, found it desirable from the standpoint of appraising the feasibility of self-liquidation to bring the Canadian cost figures up to date. The Army engineers table showed all Canadian costs with the exception of those in the International Rapids Section at 1941 levels. The subcommittee therefore added 54 per cent to put them upon a basis uniform with the American costs. This results in an overstatement, since Canadian construction costs have not advanced as much, but it has the advantage of making our estimates conservative.

The cost to complete the project on this basis is in round figures $720,000,000, of which the Canadian cost is approximately $230,000,000 and the United States cost $490,000,000. This $720,000,000 figure is the one adopted by the subcommittee as the starting point for determining the amount to be liquidated. The resolution provides for the self-liquidation of new works and the subcommittee considers that it properly excludes from self-liquidation the cost of work done in the past. The construction already completed—chiefly the Welland Canal by Canada and the MacArthur lock and past dredging of channels in the Detroit and St. Clair Rivers by the United States—will form an integral part of the Great Lakes-St. Lawrence system, but they also have served and will continue to serve Great Lakes shipping which will not be subject to tolls.

COST OF SEAWAY

As already indicated, the subcommittee considers that all expenditures for new work should be liquidated. Accordingly, the actual payments by the State of New York to the United States Government under the provisions of section 5 of the resolution, and the payments by the Province of Ontario to the Dominion Government for the power facilities, must be taken as the total cost of the power project, and must be deducted from the total cost of $720,000,000. In this way, we arrive at the out-of-pocket contributions by the Federal Governments of Canada and the United States for navigation to be liquidated by charges on tolls. The cost of the power projects thus to be deducted is estimated at $322,000,000 leaving as the first cost of the seaway $398,000,000.

Using the interest rate of 2½ per cent, which is closer to the actual rate—2.06 per cent—at which the United States Government borrows money today, the total net investment would be about $428,000,000. This is the total cost of the seaway to the two Governments. I am dealing with total cost figures because, if the seaway is to be self-liquidating, and the users will pay for it, then the economic and financial calculations must be made on a total basis, for the traffic going through the St. Lawrence deep seaway must pay for both Canadian and American costs.

We now have the total cost, including interest during construction, namely, $428,000,000. What is the annual cost that must be met by annual revenues? The annual cost must consider interest, amortization, and operation and maintenance. Taking $428,000,000 as the investment and applying an in-

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terest rate of 2½ per cent, which more closely approximates actual borrowing rates, and using a sinking fund of 1 per cent at 2½ per cent compound interest, which would retire the investment in 53 years, and maintenance and operation at $2,460,000, the total annual charges would be $17,450,000.

The committee is cognizant of the fact that there are several alternative financial and accounting policies that may be adopted in bringing about a sound administration of this project on a self-liquidating basis. There are choices to be made in the matter of interest rates, in the matter of amortization policy—whether straight or sinking-fund or a depreciation policy—and in the period over which the retirement of investment should be effectuated. Any one of these alternatives would be sound and acceptable, and they have been used both by private industry and by Government. The exact details may not be established by unilateral action of the United States Government alone, but must be settled through negotiation and agreement with the Canadians. The committee has applied these available alternatives to the St. Lawrence seaway project, and finds that the results show annual cost of figures that vary between 15 million and 21 million dollars. Mr. President, I ask Senators to note that amount. That is the annual overhead, on this basis, for maintenance, depreciation, and so forth.

Any one of these alternatives would be a sound policy. If the accounting system used on the Panama Canal by the War Department is used on the St. Lawrence seaway, the lower figure of 15 million a year would be obtained. If the system recommended by the opponents is used, the figure is 21 million.

Before proceeding to consider traffic and revenue potentials, let me briefly dwell upon some of the accounting legerdemain that the opponents employ in order to pad and exaggerate cost figures.

In the course of the hearings on this joint resolution it became abundantly clear that the principal opponents of this proposition are certain groups who seem afraid of the effect of the competition of this waterway upon their businesses. Of these, the Association of American Railroads is apparently in the forefront.

In spite of the superhuman efforts of the operating officials of our railroads, there have inevitably developed, during each peak season, shortages of transportation which have caused wastage of production in many parts of our land. All of us are aware of that. It has become a common and perennial experience, one that we have come to expect every summer, that staple foods, such as grains, stored in the open fields because of lack of elevator capacity and lack of boxcars, and perishable foods in California, Texas, Florida, and many other States are wasted because the railroads are unable to render the service, upon demand, which their franchise requires them to do.

INADEQUACY OF RAILROAD

I am not criticizing or blaming anyone for this condition. I am merely pointing out a fact, namely, that we are trying to run a $200,000,000,000 economy with transportation equipment that was designed and constructed and expected to serve a 60 or 70 billion-dollar economy 25 or 30 years ago.

Any effort on the part of rail transportation interests to put impediments in the way of expanding transportation services will result in putting the economy of this country into a straight-jacket, and such a procedure is directly contrary to public interest. I make that definite statement. It is possible that if I were not in the Senate of the United States, I might, as an attorney, be on the opposite side of this issue, having served in my time, in a local way, two railroads. But, fortunately, I am in the Senate, and I must take the national view. My own judgment is, with that background, that not in the long run, but in the short run, if the St. Lawrence waterway is constructed, it will ultimately improve not only the business of the railroads, but the business of everyone in America. Perhaps I shall have something more to say about that later on.

In discussing the St. Lawrence seaway project, we must conceive of it as a facility that is designed to meet transportation requirements not this year, not next year, not in 1950 or 1951, but 10, 20, and 30 years from now. Under peacetime conditions of construction this project will take six years to complete. If approved this year, we cannot expect the seaway to be utilized until 1954 or 1955.

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It must be obvious to everyone that in the light of the experience of the last seven years, with the growth of population and the working force of this country, with greater efficiency and productivity of workers, with greater utilization of mechanical devices and of electric power, and with increased productivity per man-hour, this country will experience over the next 10 or 20 years a growth in total national production and the standard of living which will necessitate enormous expansion in transportation facilities. So the St. Lawrence seaway must be considered as a part of the additional new facilities the country needs.

* * *

Mr. SALTONSTALL, Republican, of Massachusetts. I understood the Senator did not want to be interrupted, so I did not interrupt him before, but on this point I should like to ask a question, or make a statement. The Senator from Vermont referred to the industry report of the Department of Commerce headed by Mr. Harriman. I read that report, and if my memory is accurate—and I should like the Senator from Vermont to check it—the three principal commodities which the report says will be carried, and which will make up the most of the toll, are iron ore from Labrador and from Brazil, which will make up approximately 15 million of 21 million estimated, or possibly 27 million estimated, the balance being grain and coal shipped up the canal. In other words, if my understanding is correct, the report indicates that most of the revenue will come from iron ore shipped up to the Great Lakes ports, rather than from iron ore which is now in the Duluth section of Lake Superior, and which is used for the steel mills of the Middle West, and in the rest of the country.

Mr. OVERTON, Democrat, of Louisiana. Mr. President, will the Senator yield?

Mr. WILEY. I should like to continue, but if it be a matter of courtesy, I yield.

Mr. OVERTON. It would be along the line that is now being discussed. The Senator has been courteous to other Senators. I thought he might yield to me.

Mr. WILEY. I yield.

Mr. OVERTON. The Senator will recall that I had inserted in the RECORD during the closing days of the last session letters addressed to the late Senator Josiah W. Bailey, of North Carolina, then chairman of the Senate Committee on Commerce, from all the principal ship lines operating under the American flag. They stated, with one exception, that they did not propose to use the St. Lawrence seaway, and they gave their reasons for not doing so. It is a very voluminous record. Has the Senator any evidence to the contrary indicating that American shipping would be benefited by the construction of the St. Lawrence seaway?

Mr. WILEY. Yes; there is plenty of evidence, I am sure, but I do not care to go into the subject, except to say that that is one of the arguments made. Of course, first, there is a fear that the tonnage will be taken away from them, and then the argument is made that there will not be any tonnage taken away, that there will not be any ships to carry it. That is just one of the arguments that is used continually.

Mr. VANDENBERG rose.

Mr. WILEY. I want to place in the RECORD at this time the Harriman report. I shall then be glad to yield to the Senator from Michigan. I am sorry the distinguished Senator from Maryland has gone. The report, on page 73, indicates roughly the possible range of toll charges and toll revenues. The estimate is from 30 to 37½ million tons of ore, which would yield from $15,000,000 to $18,750,000 of revenue; grain, 6½ to 11½ million tons, that would yield $1,625,000 to $4,025,000; coal, 4 million tons, which would yield from $1,000,000 to $1,400,000; and 19½ to 22 million tons, which would yield from $3,300,000 to $2,925,000, depending upon the toll. The toll ranges from 50 cents down to 15 cents. That is the Harriman report on the potential tonnage, totaling, as may be seen, in the neighborhood of fifty-odd million tons.

Now I am glad to yield to the Senator from Michigan.

Mr. VANDENBERG, Republican, of Michigan. Mr. President, I do not care to interrupt the Senator, as I know he will reach all the related matters in good time. But I do not like to have the Senator from Maryland left even in temporary suspense regarding an overriding fundamental fact in connection

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with this contemplated traffic. The Senator from Massachusetts [Mr. SALTONSTALL] has referred to it. I think he was very gracious in providing us with an exhibit, which thus substantially destroys his own position in connection with the issue.

The fact is that by far the major portion of the traffic contemplated is a brand-new traffic in iron ore moving in to the steel production of the Middle West, something which has not occurred in hardly any degree heretofore. The truth of the matter is that we have exhausted our inland iron ore reserves, under war pressure, to such an extent that there certainly is no fooling about the proposition that we confront a crisis in respect to raw ore materials if the steel production of the Middle West is to continue.

All that traffic, as the able Senator from Massachusetts has so graciously indicated, is brand new traffic which is not being taken away from the port of Baltimore or the port of Boston or any other port, because it has not existed heretofore, and it would have to exist on a water-borne basis. It could not possibly be shipped cheaply enough in any other manner because of the tremendous bulk and weight of the product.

We could not have developed the steel industry in the Middle West, even during the past years—and without it I do not know how we could have won the war— with rail transportation, because the ore does not lend itself to rail transportation. It has to be water-borne, and, if possible, without breaking cargo.

That is the chief source of contemplated revenue. And I respectfully submit to the Senator that he need have no fears that that sort of traffic is going to reduce any existing traffic, either in his great port of Baltimore or anywhere else on the Atlantic seaboard, because it is new traffic.

* * *

Mr. SALTONSTALL. I appreciate the gracious remarks of the Senator from Michigan, because they give me the opportunity to make myself, to use his term, crystal clear. As I understand, this iron ore which provides 15 million of the $21,000,000 of prospective toll is to come from Labrador. The extent of the reserves of the prospective mines there have not even been tabulated. A 325-mile railroad has to be built before the ore can be brought to a port where it can be placed on boats. The question of the building of the railroad, the grades, and so on, the cost of building the road and the cost of operating it, are matters which are yet utterly unknown. I said what I did say to the Senator from Michigan, and I reply to him equally as graciously as he did to me, in an effort to point out that these tolls are illusory and in the future rather than of today or tomorrow.

Mr. AIKEN, Republican, of Vermont. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. AIKEN. I should like to say that opposition to the development of the St. Lawrence seaway has been centered in a few ports, and among those ports have been the ports of Baltimore and Boston. Let me say that the development of the seaway will not take business from those ports. It will probably add greatly to the business of those ports. But there are in both Boston and Baltimore a few persons who have dreams of the days when the high-grade iron ore of the Midwest will be exhausted, and the steel industry will have to be forced to move to the Atlantic coast in order to get the low-cost foreign ore.

Mr. WILEY. Mr. President, the Senator from Vermont is stealing part of my argument.

* * *

Since Dr. Parmelee made the statement I just read, however, the association of railroads has shown increasing activity in opposing the legislation in spite of its provisions for self-liquidation. Now they try to point out that the project cannot be made self-liquidating. A careful reading of their thesis, published in a pamphlet entitled "The Great Delusion," shows, however, that having conceded the primary principle that they favor the development of waterways on a self-liquidating basis, they are now driven to quibbling on facts and figures—a transparent strategem.

A careful study of their figures indicates there is not much difference between the proponents and opponents of the waterway on the initial costs. The association accepts the cost estimates of the Corps of Engineers which, for the total project, including both the seaway and power, amounts to $720,000,-

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000. Eliminating the cost of the power project which Ontario and New York will pay, some $322,000,000, this leaves $398,000,000 for the first cost of the seaway, including both Canadian and American expenditures. From here on, there are divergences between the opponents and the proponents.

THE A.A.R.

The Association of American Railroads prefers to charge three per cent interest during construction instead of 2½ per cent, and to pad the account further, adds the interest on construction of the power project to cost of the seaway—an amount of nearly $29,000,000. By this device the association of railroads reaches a figure of $464,000,000 for the cost of the seaway, with interest during construction at three per cent, including interest on the power project. Why the seaway should pay the cost of interest on the power project is not explained. This is one example of the manner in which the association pads the figures. However, if we take the $398,000,000 and add interest at three per cent we would get $435,000,000 for the cost of the seaway. At 2½ per cent interest, a more reasonable and realistic figure, the cost of the seaway would be $428,000,000. That is, take the cost of $398,000,000, add the interest at the rate of 2½ per cent during the period of construction, and we will have what the seaway will cost.

The Association of Railroads again pads the account when considering the annual costs of the project. The annual costs consist of interest, amortization, and operating expenses. The Association of Railroads prefers to retire the entire investment of the seaway in 40 years, which requires an annual charge of 1.33 per cent on the cost of the project on a sinking-fund basis.

I know of no project of the nature and magnitude of the St. Lawrence, either in private or public hands, in which the total investment is retired in 40 years. Power companies apply at least a 50-year period of retirement for the dams and structures in water-power plants; railroads practically never retire their fixed investments, and one often wonders if they have any provision for retirement of their rolling stock, in view of the antiquated equipment used for passengers and freight.

The Congress only now has begun to develop a policy for the retirement of public works and reclamation projects which require at least a 50-year period of amortization.

In the case of the Panama Canal, which, by the word of every witness who appeared before our committee is a successful business enterprise, because it has paid all of its expenses—2½ per cent interest and a small profit above that from the beginning up to 1940—there is no provision for retirement of the investment. However, improvements and upkeep are met out of current revenues, and a depreciation reserve is set aside for contingencies. Here is a successful enterprise run by the War Department which does not have a retirement system, but a system of depreciation applied only to depreciable property.

The Association of Railroads insist upon applying onerous conditions to the retirement of the proposed investment in the St. Lawrence in order to show that it is uneconomical. When asked whether they would be satisfied if we applied the same depreciation policy as the railroads applied to their own business, Dr. Parmelee said, Oh, no, he did not think that those principles would be applicable.

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I can well understand his reaction, because if we applied railroad policies toward amortization of this project, the cost of the seaway would be even lower than the committee estimates.

The committee, in its majority report, recommends a 53-year amortization period, which will require a one per cent sinking fund annual charge. This will retire the total investment in the seaway, including interest during construction, in 53 years. This includes not only the locks and lock gates, dams, and spillways, which are the only depreciable items, but also the canals and the excavation work, which are of more permanent nature.

I personally would prefer the application of the Panama Canal principle to the St. Lawrence, whereby a depreciation reserve is set up to take care of depreciable property, but in deference to my colleagues on the committee, particularly the senior Senator from New Jersey [Mr. SMITH], who feels that the total investment should be retired within a reasonable time, I am willing to endorse the principle of total retirement in a period of 53 years.

* * *

Mr. SALTONSTALL. I think it is fair to say to the Senator from Nebraska that there is now a 14-foot canal which goes down the St. Lawrence. It is my understanding that the traffic which goes through the Welland Canal and down the 14-foot canal is not to pay any of the proposed tolls. The tolls are to be charged only on ships going up the new seaway and through the Welland locks. So when we estimate tonnage, and particularly when we use the figure of 50,000,000 tons going through the MacArthur locks in the past, we must remember that much of that tonnage would not pay tolls when it gets down into the seaway.

Mr. WILEY. Mr. President, the opposition reflected in such arguments has its mind pinned on Boston, New York, and a few other cities. It fails to take into consideration the dramatic statement of the Senator from Michigan [Mr. VANDENBERG], which is the testimony of every great American.

We of Wisconsin have given of our timber. Wisconsin, Michigan, and Minnesota have given of their iron ore. We have given 2,000,000,000 tons of it to build cities, railroads, and skyscrapers. Now the iron ore is being exhausted. There are 500,000,000 tons left. It is being taken out at the rate of 100,000,000 tons a year. The businessmen of the East are planning and scheming deliberately to transport the iron industry of the Middle West into the East. They want to cut the throat of the Middle West. If they do, what do Senators suppose the ports of the East will get? There are 50 million or 60 million of us living out there, building an economy upon iron. We have given of the life blood of our economy. In this war we gave 100,000,000 tons a year. Now all we ask is that there be opened up a stretch of 113 miles in the St. Lawrence River.

* * *

It is well known that the railroads opposed the construction of the Panama Canal on the theory that it would take traffic away from the transcontinental railroads. Let us read the debates of those days. Today those same railroads are enjoying the fruits of the expanding empire of the West, largely stimulated by the Panama Canal; and not one railroad man will deny now that the Panama Canal has been a boon to this Nation. I asked that question of Mr. Parmelee when he appeared before us. He said, "Yes, now we agree. Now we agree the Panama Canal was a good thing."

JOHN L. LEWIS

The National Coal Association and John L. Lewis, of the United Mine Workers, are opposed to the St. Lawrence project, both as a power-generating facility and as a means of transportation. Why? Just stop and think of it. Why? He averred that if the canal were built, foreign countries would be shipping in coal and taking away our market in this country. Ever since his appearance before the House Committee on Rivers and Harbors, in 1941, John L. Lewis and his representatives have taken the position that the St. Lawrence seaway will open up the whole Great Lakes area for the invasion of imports of cheap coal from abroad, principally from England and Russia, and that both the domestic as well as the Canadian market will thereby be threatened. John L. Lewis went as far as to state that the 96,000,000-ton market for coal in the Great Lakes region may be taken away from the American producers.

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Since then we have had the unusual experience of exporting 40,000,000 tons of coal last year, and the only limit upon further exportation is lack of transportation and dollars with which other countries can buy from us. John L. Lewis, himself, in many statements and articles has said that no foreign country can compete with us in the production of coal. Extensive studies by British working parties on coal indicate that one miner in the United States produces four or five tons of coal a day, as compared with one ton a day in England, and one and one-half tons a day on the Continent of Europe.

Of course, our wage rates are high in view of the high productivity of our miners. In spite of low wages in Europe, they cannot compete with us either in the American or the Canadian market on a price basis. The proof of that is in the fact that even before the war our greatest markets for coal have been open to imports without hindrance. Yes, these various cities, New York, Boston, Baltimore, and New Orleans, have been open to the import of coal. Did they import it? They did, in an infinitesimal amount. Nothing but small dribbles of imports are to be found in all the statistics of the Corps of Engineers and the Department of Commerce. Yet the bugaboo has been used repeatedly on members of this body to show that John L. Lewis and his miners are against the project, they being afraid that European coal could come in and steal their market.

Since the facts John L. Lewis presented in 1941—and I may say that the coal operators repeat his contentions—are unsound, what is the reason for their continued opposition? Why do they mislead the thousands of upright American working men in West Virginia, Pennsylvania, Ohio, Illinois, and Kentucky with these untrue statistics? The answer is clear. They seem to be responding with enthusiasm and loyalty to the interests of their first customers, namely, the railroads. Yet the strange situation is that those very interests for whom coal miners and operators raise the hue and cry against the St. Lawrence seaway are the ones who are now running out on them, for it is obvious that the railroad industry is converting rapidly from the use of coal to the use of oil.

If the coal interests have any delusions that they have a primary interest in keeping all traffic on rails, the recent statistics showing orders for locomotives must disabuse them. *Time* magazine of December 2 reported that of the 1,176 locomotives on order on December 1, only 33 were for steam. The rest were Diesels.

The New York Central, which is spearheading the opposition to the St. Lawrence seaway, recently placed a $21,000,000 order for 111 locomotives and all of them are for Diesels. The coal interests are misdirecting their efforts in fighting the seaway. They ought to keep their eye on the revolution taking place in railroads' motive power. Paradoxically, John L. Lewis, with his capricious strikes, is himself mainly responsible for the loss of the principal coal market, and not the St. Lawrence project.

The opposition of the coal interests to the St. Lawrence seaway has no justified basis in fact. Insofar as it is a "secondary boycott" on behalf of the railroads, it is just as intelligent as locking the barn door after the horse is stolen.

I come now to a second major element of my case: The value of the seaway for national security.

* * *

The Joint Chiefs of Staff's report on the St. Lawrence project carried the signature of Admiral Leahy, Chief of Staff of the President, Admiral Nimitz, General Eisenhower, and General Eaker. It was transmitted to the Senate Foreign Relations Committee on February 16, 1946, with the expressed concurrence in the conclusions of the Secretary of the Navy, now Secretary of National Defense, James Forrestal. It must be remembered that this report was prepared and transmitted to the Senate many months after the general public knowledge of the destructive potentials of the atomic bomb and certainly after many more months of private and secret knowledge of not only this, the most fearful instrument of war, but also of many other secret devices yet unknown even to the opponents of this project. In spite of that knowledge of the latest devices of destruction, the Joint Chiefs of Staff in February, 1946, recommended strongly construction of this project. The grounds upon which they based their recommendations are as follows:

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First. The St. Lawrence seaway will provide an alternate- and protected-transportation route in case of a national emergency.

Second. The St. Lawrence project will provide a large block of power in an area which was a power-deficit area in World War II.

Third. The St. Lawrence seaway project will make it possible to construct larger ships within the protection of the Great Lakes area where resources of steel and manpower are abundantly available.

* * *

Such is the evidence upon which the majority base their recommendations for the completion of this project as a contribution to national defense. Yet the junior Senator from Massachusetts, in the minority report which he has prepared, undertakes diligently to obliterate the recommendations of those to whom this Nation has entrusted our security and defense. What is the basis of his skepticism?

It is the opinion of two retired officers, one of the Army and one of the Navy, who were hurriedly brought before our committee, having studied the subject of the St. Lawrence project only in a matter of days and not having read any of the extensive documentary evidence which was easily available to them. These two retired officers may have been, I assume, retained by those who are motivated less by national consideration than by their own peculiar situation.

DEFENSE

One of these retired officers, Maj. Gen. Follette Bradley—I emphasize, this is Follette, not Omar, Bradley—stated that that part of the St. Lawrence now in operation—the Soo locks—and the Welland Canal are not defensible against air attack. Here was a man who was entrusted with the air defenses of our east-coast shipping, who says that the two most vital waterways in our continent are not defensible. Just think what would have happened in World War II if the Soo locks were really attacked, and according to this man, were put out of commission. Members of the Senate must realize that, actually our whole industrial and agricultural economy depend upon the Soo locks. Eighty per cent of all the steel in the United States is made of the iron ore that passes through the Soo locks. Gen. Follette Bradley says that those locks are not defensible. I say to General Bradley, if they are not defensible, then I say the steel industry is not defensible; Chicago and Detroit, Cleveland and Pittsburgh, are not defensible; power plants at Niagara, Montreal Harbor—yes, Washington and Boston—are not defensible.

The opponents would have us believe that the major part of our industrial civilization of North America is not defensible and that therefore we should not add any new works in that part of our country. Yet the minority, which makes much ado about the vulnerability of the seaway, is careful to distinguish between the seaway, which they oppose, and the power project which they say they do not oppose. The seaway must be considered vulnerable but not the power project, apparently. The seaway project and the power project are all one. They are all built together in this 113-mile stretch. In other words, we should stop growing; we should not build any weapons of defense or provide for the future development of this country, because we are liable to be destroyed by an atomic bomb. Of course, after our experience in Japan we know well that nothing is safe from the atomic bomb, but that is no reason why we are going to stop building and growing and hoping that we shall find a defense against an atomic attack. That is the business of our great generals and admirals, the commanders of our Army, Navy, and Air Force.

The main dams and power plants are the major part of the works involved in this undertaking and if anything is not defensible in that area, dams and the powerhouse will be the most vulnerable, more so certainly than the locks and canals. Obviously the opponents cannot argue against any power plant because they know that if this project is not constructed, some equally vulnerable steam power project must be constructed in the same general area. Yes, Senators representing the East know that steam plants must be constructed in the East, plants which are just as vulnerable, if not more so, than the ones in question.

One is entitled to question the consistency

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of their argument that the seaway is vulnerable when they exclude the power plants from their arguments.

In New England, it seems unpopular these days to talk against cheap additional power, because they have an acute shortage, and industry is moving away. The logic of the opponents must lead them to the conclusion that the country must stop adding new works to increase industrial potential because whatever is built above ground is vulnerable to bombing.

I have yet to hear of a constructive suggestion from the opponents as to what to do to protect Grand Coulee, the Soo locks, the cities of Chicago, Detroit, Cleveland, and Pittsburgh, Boston, and New York. If any enemy ever reaches these shores with atomic bombs, I can assure Senators that the first target would be New York and Washington, and not some canal on the St. Lawrence. Mr. President, this vulnerability thesis is the most transparent smoke screen. Those who raise that issue seriously do not do credit to the intelligence of this body.

* * *

What, I repeat, is the "informed opinion" upon which the opponents of the St. Lawrence project base their case? Vice Admiral Russell Willson, retired, appeared on behalf of the opponents by arrangement of the National St. Lawrence Projects Conference, which has its offices in the Transportation Building in Washington. This is, unfortunately, the extent of the admiral's knowledge of the St. Lawrence project:

Senator WILEY. Have you studied the voluminous documentary background on this project?

Admiral WILLSON. No, sir.

Senator WILEY. The International Joint Commission's hearings of 1920?

Admiral WILLSON. No, sir.

Senator WILEY. The report of the Joint Board of Engineers in 1926?

Admiral WILLSON. No, sir.

Senator WILEY. The Hoover report of 1927?

Admiral WILLSON. No, sir.

Senator WILEY. The interdepartmental report of 1934?

Admiral WILLSON. No, sir.

Senator WILEY. The congressional hearings of '32-'33, '41, and '46?

Admiral WILLSON. I have seen some of the documents, sir. I have the great advantage of approaching the subject with an open mind sir.

Senator WILEY. I have no question about that.

Here is the other witness whom the opponents bring against Admiral Leahy, General Eisenhower, Admiral Nimitz, and other heads of our armed forces. He is Maj. Gen. Follette —not Omar—Bradley, retired.

Senator WILEY. Have you read the various reports? Have you studied the reports that have been given on this project heretofore?

General BRADLEY. No. The only report that I studied, and I have not studied that, I read it through hurriedly, was dated 1941, I think, prepared by the then Secretary of Commerce, and I do not remember the title of it. It is a gray volume, and one of several volumes.

Senator WILEY. When did you first get interested in studying this report?

General BRADLEY. About 10 days ago.

It is a despairing case, indeed, when at the last moment the counsel for the defense, knowing that he has lost the case on its merits, rushes to bring in witnesses with little knowledge of the subject matter to bolster an indefensible position .

* * *

Mr. LODGE, Republican, of Massachusetts. As I entered the Chamber I was handed a very fervent telegram from the National Brotherhood of Railroad Trainmen, expressing opposition to the pending proposal, as well as a telegram from the Massachusetts branch of the organization. I ask unanimous consent that the telegrams be printed in the RECORD at this point as a part of my remarks.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C.,
January 28, 1948.

Hon. HENRY CABOT LODGE, JR.,
United States Senate:

The Brotherhood of Railroad Trainmen appreciates your opposition to the St. Lawrence seaway and wants you to know that our membership throughout the United States, and particularly between the Atlantic seaboard and points west of Chicago and Duluth, are very much concerned. Many of our men now employed on full-time basis would be employed only a few months of the year if this resolution were adopted and the project completed. Past conventions of the brotherhood have taken action in opposition to this project and statements that it would be of benefit to railroad employees or that railroad employees should support it are entirely wrong.

HARRY SEE.

* * *

Mr. LODGE. My statement is that the St. Lawrence seaway is too shallow for about

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91 per cent of the American ocean-going vessels, and that if a ship goes through the Panama Canal not completely loaded, it is not because the Panama Canal is too shallow; it is simply because they did not get the business, that is all.

Mr. WILEY. Then the Senator would agree with me that "the preponderance of vessels transiting the Panama Canal normally have been composed of vessels loaded only to two-thirds of capacity?"

Mr. LODGE. That word "normally" is a regular, all-Potomac-fever bureaucratic word. What year is the Senator talking about?

Mr. WILEY. Then will the Senator agree with me in the statement I just read in the RECORD, that vessels with a draft of more than 27 feet could traverse the whole of the St. Lawrence system? Following the practice stated by the Commission, the ships would take on water and fuel at Montreal and they would then traverse the thousand miles to the sea.

Mr. LODGE. I would agree with the Senator that a ship that draws less than 27 feet can go through the St. Lawrence seaway and can go through the Panama Canal. I will say that a ship that draws more than 27 feet cannot get through the St. Lawrence seaway, but can go through the Panama Canal.

Mr. WILEY. Does the Senator mean ships that are loaded 100 per cent?

Mr. LODGE. Why, of course. One does not want to make a thing that is not going to be used.

Mr. WILEY. But here is evidence that the preponderance of vessels transiting the Panama Canal are loaded to only two-thirds capacity.

Mr. LODGE. But it is not said when. The statement just says "normally," one of these regular old "gobbledegook" bureaucracy words. "Normally," when do they do that? They would do it when business is slack and the shipping companies cannot get full loads. That is why they do it. They do not go through the Panama Canal unloaded merely because the Panama Canal will not take the business; of course that is not the reason. I do not want the Senator to give people the false impression that this projected seaway is to be anything like the Panama Canal. Another thing, there is never any ice in the Panama Canal, says the Senator from Wisconsin [Mr. WILEY]. That is another point to remember. The Panama Canal is never frozen up tight, so far as traffic is concerned for five months of the year.

Mr. WILEY. Will the Senator yield?

Mr. LODGE. I yield.

Mr. WILEY. Now that the Senator speaks about ice, I want to tell him that in the winter we of the Northwest do not hesitate to take railroad cars on car ferries right across Lake Michigan, running to Milwaukee and to another port indicated on the map, right across the lake.

I want to comment further about the transportation.

Mr. WILEY. I want to say that seasonality of navigation is no handicap to extensive commercial utilization of the seaway. The St. Mary's Canal at Sault Ste. Marie, Michigan, connecting Lakes Superior, Huron, and Michigan, is also icebound for four months of the year. Yet it can hardly be said that this canal is uneconomic when the tonnage moving through it during an eight-month season exceeds the combined tonnage of the Panama and Suez Canals during the twelve months season. The Great Lakes, which are also closed for the same period, carry two-thirds as much traffic in eight months as all the United States Atlantic, Gulf, and Pacific Coast ports combined. The navigation season on the St. Lawrence River is roughly the same as on the Lakes.

Mr. LODGE. But that traffic is not going up the St. Lawrence; that is coming from the lake ports.

Mr. WILEY. Just a minute. Despite the limited season, the Port of Montreal, which lies on the St. Lawrence River, 1,000 miles inland from the Atlantic Ocean, is the second largest exporting port on the North American Continent, being exceeded only by New York.

When I start to tell about car ferries going across the lake, I just want to say to the Senator that the tonnage carried on the Lakes in seven months far exceeds the combined tonnage handled in the Boston and New York Harbors in 12 months. That indicates the "guts" of the people of the Middle West. Then, in the middle of the winter, we do not let a little ice interrupt traffic. We move the freight on car ferries across the lake, allowing trainloads to be transported right through the ice. I say to the Senator that the business ex-

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ists. If the people of the East want this project, we will keep it open to traffic. It will extend transportation on the Lakes at least from 30 to 60 days longer each year and we will show what the Middle West can do. If they are unwilling to cooperate, as I said the other day, millions of dollars will be spent in plants to take care of the low-grade ores in the Middle West. That is uneconomic. I shall of course seek to answer that argument in detail later on, but I just wanted to set right the few figures about which I thought the Senator was a little bit upset.

Mr. LODGE. No; I am not upset at all.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LODGE. I will yield in just a moment.

Mr. WILEY. The Senator's source material is upset.

Mr. LODGE. No; the source material is correct. Let us just recapitulate. The statement that channels within the harbors on the Great Lakes are not deep enough comes from the Army engineers. Nothing has upset that. The statement that 91 per cent of American ocean-going vessels draw too much water to permit transit through the projected seaway has not been upset. I agree that the Senator's figures are correct about the volume of business done on the Great Lakes, during the time when they are not frozen up, and I admit that during the time when the Lakes are frozen up, because of the great virility of the people up there, of which the Senator from Wisconsin speaks, they do a tremendous amount of business, but the fact remains that if the Senator wanted to bring some fuel oil up to his constituents during the winter, he would have to transport it in ice boats.

I now yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, I assume that when the seaway is constructed there will be a considerable amount of business done between ports on the Great Lakes and ports in other parts of the world. It would obviously not be expected that ships would load and unload at the Great Lakes ports unless they could also load and unload at other ports of the world. Will the Senator from Massachusetts advise us how many ports of the world outside of the United States have a depth of 27 feet or more?

Mr. LODGE. No, I could not tell the Senator that.

Mr. AIKEN. I think if the Senator will investigate he will find that there is a very small number; that we have most of the ports of that depth, with a few conspicuous exceptions, such as Liverpool, and a few other great ports.

Mr. LODGE. Yes, but this area is so important, and it does such a tremendous business, as the Senator from Wisconsin has pointed out, that it is important to have harbors which are on a par with that at Liverpool, and similar ports.

Mr. AIKEN. It is important, and it would be gratifying, also, to have such ports.

Mr. LODGE. I think that ought to be figured into the liquidation cost, but it is not.

Mr. AIKEN. It probably would not be expected that the *Queen Mary* would want to dock at Manitowoc Wisconsin, or even at Buffalo, New York.

Mr. LODGE. No, but we would want the seaway open to at least 91 per cent of the tonnage. Does not the Senator from Vermont think that the cost of the deepening of the harbors on the Great Lakes ought to be included in the amount of money to be liquidated? Will the Senator answer that question?

Mr. AIKEN. Does the Senator expect that the Federal Government will deepen all those harbors?

Mr. LODGE. I expect the Government will do for those harbors what it will do for other harbors in America.

Mr. AIKEN. Does the Senator recall that in 1941 Mr. Frank Davis, of Boston, testified before a House Committee to the effect that the Federal Government had spent $50,000,000, in deepening and improving Boston Harbor? . . . .

And, therefore, should not spend money in improving any other harbor to compete with Boston Harbor?

Mr. LODGE. I do not agree with that statement.

Mr. AIKEN. It is in the record. I will read it if the Senator desires that I do so.

Mr. LODGE. There are many things in the record with which I do not agree.

Mr. AIKEN. The Senator ought to agree with Mr. Davis.

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Mr. LODGE I am asking the Senator from Vermont a very simple question. Does he not think that the cost of improving these harbors should be counted in with the amount of money that is to be liquidated by the tolls?

Mr. AIKEN. Not if the harbors are to be improved by cities like Chicago and Cleveland. I have not heard those cities raise any question about that.

Mr. LODGE. Does the Senator think the Atlantic ports are the only ones that should receive Federal funds for the improvement of their harbors?

Mr. AIKEN. I think some of the funds for improving Atlantic ports have been misspent. When I see the decline of the shipping out of Boston Harbor I wonder if we were wise in putting so much money into improving Boston Harbor. When I see our shipments declining year after year and swinging over to the Pennsylvania Railroad terminal and other terminals in New York City I wonder if the money for improving Boston Harbor was wisely spent.

* * *

Mr. WILEY. I invited the Senator's attention to a statement he made which I think needs a little elaboration. He made the argument that in view of the expense of this project this is no time to enter into such an undertaking. If this project were to be approved, its completion would require six years. The pending measure is merely an authorization. It is like many other authorization measures. I invite attention to the fact that some of our great economists say that within the next five years we shall have a recession. In my judgment it is a good thing to have projects ready, into which money can be put for really constructive purposes, rather than the many activities which were carried on under the old W.P.A. In spite of the brilliance of the Senator's argument, I think it is very clear that the opposition springs from a fear on the part of those interested in Boston Harbor, and the others whom I mentioned yesterday. I happen to have in my hand the instrument showing that they want to move—

Mr. LODGE. Does this involve the argument that they want to move the steel industry to Boston?

Mr. WILEY. Yes.

Mr. LODGE. It is alleged that they want to move it to the East.

Mr. WILEY. Yes.

Mr. LODGE. That is what Al Smith would have called a "phonus balonus."

Mr. WILEY. Mr. President—

Mr. LODGE. Mr. President, I will not yield further, because I wish to answer that argument. I deeply regret that the Senator from Wisconsin should be so hard up for arguments that he has now resorted at last—

Mr. WILEY. Mr. President, will the Senator yield?

Mr. LODGE. I decline to yield. The Senator has now resorted to the sectional argument. A great part of his speech on Monday was occupied in giving the Senate his idea of the kind of argument he thought I was going to make. It was entirely sectional. It involved the interest of the railroads and the port of Boston.

Mr. WILEY. What is it?

Mr. LODGE. Mr. President, I decline to yield.

The PRESIDENT pro tempore. The Senator declines to yield.

Mr. LODGE. I did not heckle the Senator from Wisconsin, and I will ask him please not to heckle me.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. LODGE. I decline to yield at this time. I will yield after I have made my statement.

OPPOSITION SUMMARY

First, the seasonal factor: No discussion of any aspect or phase of the St. Lawrence seaway is possible without taking into account the fact that the seaway or the "iceway" as it may more appropriately be called, is closed for approximately 40 per cent of the year to traffic of any kind. This raises great problems, such as the adjustment of cargo schedules to the navigation season, the interrelationship between the seaway type of transportation and other existing land and air transportation and port facilities, the problem of scheduling projected ship-building and ship-repair activities with this short season, the problem of overhead and other personnel and many other allied questions.

Second, the vulnerability of the Great

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Lakes-St. Lawrence area: The uncontradicted testimony is that this seaway would traverse the most vulnerable area, from a defense point of view, of the United States.

Third, the manpower problem: The seaway is an added defense commitment, in the words of the Secretary of the Army, of such magnitude that it would require an uncalculated amount of additional men and material for its defense. The present depleted condition of our armed forces makes it virtually impossible to assure that such men and material would be available.

Fourth, the actual defense of the seaway: It has been pointed out by several military experts in the field of air defense that the seaway simply could not be defended at all from a determined air attack.

Fifth, special vulnerability to bombing, sabotage, and accident: Almost every witness called attention to the ease with which a lock-structured canal of this type is open to air attack. It has recently come to be acknowledged that even the Panama Canal is, because of its structure, dangerously sensitive to this type of attack. An attractive and remunerative objective is set up for fifth-column activity, either by way of sabotage to the locks themselves or to ship-scuttling, or even accident.

Sixth, navigational and other hazards: Attention has been drawn to the fact that not only is the St. Lawrence a peculiarly hazardous route because of numerous locks, narrow, treacherous and dangerous channels, through islands and reefs of granite rock with currents and frequent fogs and mists, but is also an easy and remunerative target for attack by submarine or aircraft because of the very nature of the channel itself and the difficulty for taking proper evasive tactics.

Seventh, the distance and time factors: I have pointed out that while there is a slight distance advantage, this factor is of little consequence and that the important thing, from a national defense point of view, is that as much time as possible be saved in order to speed up shipments and in order to reduce the period of exposure to hostile attack. It has been conclusively shown that insofar as this vital time factor is concerned, the St. Lawrence seaway offers no advantage whatsoever; indeed it is at a disadvantage compared with existing routes.

Eighth, types of ships which could use the seaway: American shipping lines could not operate through the proposed seaway because of the limited draft. The 27-foot canals and channels mean that vessels can operate only with a draft of about 24 feet. Ninety per cent of United States cargo vessels operate with a loaded draft substantially in excess of that, and most of the ships built under our war-time program for cargo carriers exceed this draft. This utterly eliminates the usefulness of the seaway as an alternate or reserve route in time of war. This unquestionably means that substantially all the traffic which might move via the proposed waterway would be in foreign bottoms. Recollection of the sad state in which we found our merchant marine at the outset of the war and of the most unhealthy consequences of such a condition ought to be sufficient to prevent our deliberately contributing to the reestablishment of that situation.

Ninth, shipbuilding and ship-repairing facilities: No convincing justification has been advanced for changing the pattern of our shipbuilding and ship-repair industry. It served us well in the last war, and there is nothing to indicate that the foreseeable war of the future demands any such drastic change as is contemplated here. Not only is there no justification, but the situation itself, because of the other factors involved, would make such an undertaking very questionable indeed.

Tenth, the iron-ore situation: Testimony from experienced and expert witnesses indicate that the often-reported depletion of iron-ore reserves in the Lake Superior region is distorted. The development of the St. Lawrence seaway would be a very important step in the direction of making this country dependent upon importation from foreign countries for iron ore, one of our most vital raw materials. We still remember with regret our dependence at the beginning of World War II upon importations from foreign countries for rubber and certain other vital raw material. Our policy in connection with a material as vital to our safety and economy as iron ore should be farsighted and not shortsighted. The farsighted policy in this case certainly calls for development of our own resources of iron ore, and the Federal Government should certainly refrain from placing obstacles in the way of pursuing such a course.

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Eleventh, the amount of easement on railroads and port facilities: It has been clearly demonstrated, using even the most favorable and optimistic estimates of proposed new tonnage over the seaway, that the amount by which the seaway would ease the wartime strain on other means of transportation is wholly negligible and cannot be taken into account when dealing with this problem.

Twelfth, the Army's attitude: The Secretary of the Army has testified that the St. Lawrence seaway is not vital to our national defense. The best he could say for it was that it was helpful.

Mr. WILEY. Mr. President, I expect to reply at length to the very able argument of my distinguished friend from Massachusetts but not at this time. I merely wish to say that everything he has said reminds me, when I consider the distinguished men who have stood for this project, of the story of the mother who saw marching down the street the regiment in which her son was out of step, and she said, "Everyone is out of step but my boy."

I do not see how the Senator can make his argument when one of his great friends, Herbert Hoover, has stated definitely that the seaway would pay. Every Secretary of State, Republican and Democrat, has said, in substance, the same. When the Senator talks about national defense in the way he has, he has forgotten, I think, that for a hundred years we have never needed a soldier across the entire line between Canada and the United States.

I call his attention to another statement. He said something regarding fog. The fog is not on the St. Lawrence River; the fog is in the mind of my distinguished friend. The records of the Canadian Department of Rivers and Canals show that the fog conditions on the Great Lakes and on the St. Lawrence River during the navigation season are more favorable than those at New York. For example, Montreal had 4 days of fog per year as compared with 44 days in New York Harbor.

The best indication of the hazards of navigation is the accident record on the St. Lawrence, which compares favorably with that on the Panama Canal. During the five-year period from 1935 to 1939 a total of 116 accidents was reported, of which 65 resulted in damage amounting to only $419,000. Thirty-four involved no damage, and in 17 cases the amount of damage was unknown. This record should be viewed in relation to the number of vessels passing over the St. Lawrence River, which was approximately 60,000, carrying 40,000,000 tons of freight. Accordingly, the accident rate was less than one-fourth of one per cent.

Mr. President, I was very much interested—and I want to get it in today's RECORD—in the so-called statistics produced in relation to the iron ore exhaustion in the Middle West. It is strange that we can get testimony on any proposition, and, apparently, letters or statements, when persons are not under oath.

I am not producing a witness in my favor; I am producing the New England Newsletter, in which one of the subheadings is "Mesabi Range running out."

At the eighty-eighth quarterly meeting of the New England Council, held at the Wentworth-by-the-Sea, Portsmouth, New Hampshire, September 12-13, Council President Richard L. Bowditch announced that the Econometric Institute of New York had been retained under council sponsorship to study the possibilities for the establishment of a steel industry in New England.

One subheading is "Mesabi Range running out," and the other is "Other ore deposits." There referred to is what was mentioned in our argument regarding Canadian ore and ore from Sweden, Venezuela, and other places.

I shall not be diverted by an able argument which veneers the real issue in the case; and I trust that no member of the Senate will be overpersuaded by all the colored propaganda which has come in purporting to speak the mind of the railroad men. When I take the floor again to continue my argument I shall put into the RECORD the testimony of former Senators, men like the late Senator Walsh of Massachusetts, and the late Senator Walsh of Montana, governors of Middle Western States, the Governor of Ohio, the Governor of Montana, saying that the railroad men themselves are not against this project.

The Senator from Maryland [Mr. TYDINGS] is fearful that it will take considerable tonnage from Baltimore; and the Senator from Louisiana [Mr. OVERTON] will argue that New Orleans will suffer.

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